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WORLD NEWS

Lithuanian rebuff for Gorbachev

Leaders of the Soviet republic of Lithuania angrily rejected President Mikhail Gorbachev's plans to defuse their demands for outright independence.

Mr Gorbachev's vision of a radically-reformed federal state, with far-reaching autonomy for the constituent republics was described as "a cheap lie, a lie for naive people in the West" by Vytautas Landsbergis, a music professor who heads the Sajudis nationalist movement. Page 22

Bhopal cash too little says India

India's new Government is to reopen the issue of compensation from Union Carbide of the US for the 1984 Bhopal gas leak disaster that killed more than 3,000 people and injured more than 200,000.

Law and Justice Minister Dinesh Goswami said that the Supreme Court award of $470m (£290m) was "totally inadequate." Page 3

Hong Kong rethink call

Britain should offer the right of residence to all 3.27m UK passport holders in Hong Kong, said the Conservative Bow Group. **Hurd likely to face barrage, Page 3**

Cambodia peace moves

A diplomatic breakthrough was achieved when China and the Soviet Union agreed that the United Nations should play a leading role in a Cambodian peace settlement. The country's warring factions agreed to meet again next month.

Modrow backs down

East German Premier Hans Modrow has backed down in the face of opposition objections and withdrawn plans to bring back a security police force before free elections in May. Page 22

Mubarak sacks minister

Egyptian President Hosni Mubarak sacked hard-line Interior Minister Zaki Badr, a former police general. Page 2

Sentences increased

Three judges, headed by Lord Chief Justice Lane, increased sentences after appeals by the Attorney-General under powers that came in last year.

A man who raped a former girl friend had a two-year jail sentence increased to 4½ years, and a man who carried out a post office raid had a 30-month sentence doubled.

Nine injured in bank raid

Three members of an armed gang of five, three policemen and three bystanders were injured in a shoot-out that developed from a raid on a bank at Athy, Co Kildare, Ireland. At least 25 shots were fired. All the raiders were captured.

Arson kills 13

Ten children and three women were killed in an arson attack on two house in feuding between black factions at Cottonlands township, Natal.

New-born baby stolen

A 36-hour-old baby was stolen from beside her parents in St Thomas's Hospital, south London, by a woman who posed as a health visitor.

Trustees charged

The trustees of the Science Museum were committed for trial at Wells Street court, London, on a charge of failing to protect the public from exposure to the virus which causes Legionnaires Disease.

Van Dycks stolen

Three paintings by Van Dyck, worth about £1m, were stolen from Dunsaney Castle, Co Meath, Ireland.

Wrong turning

A man fleeing from a break-in at a Glasgow opticians scrambled over a 12-foot wall and found himself in the yard of Govan police station, where he was promptly arrested.

BUSINESS SUMMARY

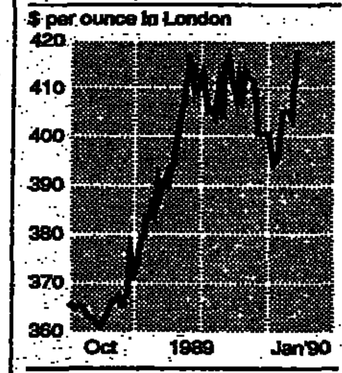
UK poised to outlaw brand accounting

ACCOUNTING Standards Committee of the UK is set to move on Monday towards outlawing the controversial practice of brand accounting – giving brands a value on company balance sheets.

Among companies which would be affected by such a move would be drinks group Guinness; advertising company WPP; food and drink concern Grand Metropolitan; and foods group Ranks Hovis McDougall. **Page 22**

GOLD gained from renewed European and Far Eastern buying. After dipping below $400 an ounce on the London Bullion Market last week, it gathered strength and ended the week $13 an ounce higher at $417.75. **Page 15**

Gold price



US PRODUCER prices rose by 0.7 per cent in December after dropping 0.1 per cent in November, taking the annual increase to 4.8 per cent against 4 per cent in 1988. **Page 2**

FORD MOTOR of the US is following the lead of fellow car-maker Chrysler and selling its aerospace division. Ford means to concentrate on its core vehicle and financial services businesses. **Page 10**

HONDA Motor of Japan plans to import 12,000 cars from its US factories against only 4,679 last year. **Page 3**

ROVER GROUP, a British Aerospace subsidiary, is negotiating to sell its Drews Lane, Birmingham, components factory to Leyland DAF. **Page 4**

SD-SCICON, UK-based computing services company 29.9 per cent owned by British Aerospace, has sold Warrington Financial Systems, one of three US subsidiaries, to Sungard of Pennsylvania for $65m (£39.2m). **Page 9**

EVERED HOLDINGS of the UK, former mini-conglomerate now a quarry and building materials group, is buying £138m-worth of UK and US companies. **Page 8; Lex, Page 22**

CZECHOSLOVAKIA and the US announced their first joint venture. Kent International of New Jersey and state-owned Velamos will produce bicycles.

CAMPEAU Corporation of Canada may be set to seek protection from creditors for its two US department store groups after moves to separate its retail operations from its real estate. **Page 2**

RANK Organisation, the leisure and entertainment group, is taking a stake in North American bingo with the purchase of seven clubs in the Toronto area. **Page 9**

KOOR Industries: Canada's Belzberg brothers joined the foreign bidding for the heavily-indebted Israeli trade union-owned conglomerate. **Page 10**

WHITBREAD, UK brewer, is closing breweries in Liverpool and Faversham, Kent. Two hundred jobs will go.

SAATCHI & Saatchi, communications group, faces the problems of a shareholder pressure group in Paris headed by ex-Price Waterhouse accountant Joseph Marciano. **Page 8**

MITSUBISHI, Kawasaki and Fuji, Japanese aerospace manufacturers, are considering taking a 25 per cent stake in the B777, new 300-seater aircraft of Boeing of the US.

Interest rate fears drive down world markets

By Simon Holberton in London and Janet Bush in New York

FEARS THAT inflationary pressures would delay an easing in official interest rates hit the London and New York markets yesterday, driving equity and bond prices lower.

The weakness followed a large fall in equity prices in Tokyo earlier in the day. The Japanese market had been buffeted by domestic political concerns about the timing of the next general election, expected next month, and by expectations of higher interest rates.

In London, equity prices fell sharply as investors became nervous about the outlook for inflation in the light of the Ford workers' rejection of a 10.2 per cent pay offer.

Barely a week ago, many analysts said the market was set to move higher. Yet in the space of five days, the gains in equity prices made in the first week of the new year, which took the FT-SE 100 Share Index to record levels, had been wiped out.

At the end of trading yesterday, the FT-SE index was 37.8 lower at 2,380.1 – a loss of 2.6 per cent on the week and 3.4 per cent from the peak of nine days ago. Prices of government stocks also ended lower after a week which saw long-dated issues fall nearly two points and long-term interest rates rise to nearly 10.5 per cent.

Analysts said the falls in stock and equity prices in the UK had injected the markets with a dose of welcome realism. Inflation remained Britain's most pressing problem and this reinforced the view that Mr John Major, Chancellor of the Exchequer, could not risk an early reduction in interest rates, they said.

Mr Major gathers his ministers and senior advisers at Chevening, the Foreign Secretary's country residence, this weekend to discuss options for the Budget in March.

He meets against a worrying background of rising pay demands

In New York, equity prices fell steeply as soon as exchanges opened in response to the sharp drops in Tokyo and London. They were also affected by US economic figures published yesterday which showed a worrying combination of weak consumer demand and upward pressure on prices.

By mid-afternoon, the Dow Jones Industrial Average was quoted 57.81 lower at 2,702.86. The broad Standard & Poor's 500 index was also sharply lower, quoted 5.22 down at 343.31.

The Producer Prices Index rose 0.7 per cent in December, more than financial markets had expected. Even taking out food and energy prices, the index still gained 0.6 per cent, suggesting that the US Federal Reserve has little scope to lower interest rates any further to bolster the weakening economy. US retail sales, also published yesterday, rose by only 0.2 per cent, providing evidence of significant caution among consumers.

US Treasury bonds also fell. At midsession, the benchmark long bond was quoted ⅝ of a point lower to yield 8.17 per cent, its highest level since just before the mini-stock market crash of October 13.

In Tokyo, the 225-share Nikkei Index fell 653.36 or 1.71 per cent to 37,516.77, its eighth largest fall.

Budget preparations in Chevening, Page 6; Money Markets, Page 11; World Stocks Markets, Page 12 and 11; London Stock Exchange, Page 15

Electronics group chairman is ready to resign if board sees fit

Ferranti reveals £15m loss

By Charles Leadbeater and Richard Donkin

SIR Derek Alun Jones, Ferranti International's chairman and chief executive said yesterday he was ready to resign as chairman as soon as his board thought it fit, after disclosing that Ferranti made a £15.4m pre tax loss in the first six months of this year.

Sir Derek set the scene for two weeks of intense negotiations which could lead to a full bid for the company and pave the way for his resignation.

Meanwhile further details emerged of the £215m alleged fraud involving ISC Technologies, the US company Ferranti acquired in 1987, which sent Ferranti into a financial tail spin when it was uncovered last September.

Sir Derek also detailed plans for a £187m rights issue intended to reduce the company's debts which have ballooned to £275m, after it was forced to write off £176m as a result of the alleged fraud.

Chain smoking in his tenth floor office in Ferranti's headquarters at Millbank tower in London, with half an eye on the stock market fall recorded on his television screen, Sir Derek said: "It's been an awful four months."

He said: "I've told the board that I'm ready to resign as soon as they think its appropriate. We do not want to carry on being a financial lame duck."

Ferranti hopes the rights issue, which is due to be approved by an extraordinary general meeting on February 5, will either provoke one of its suitors to make a full bid or bring financial security.

Sir Derek said: "It is almost the perfect time for a bid." Ferranti's advisers believe that if a bidder is to emerge it will do so within the next two weeks. Once the rights issue is completed a full bid would be both more expensive and more complicated.

Talks continued in London this week with Thomson, the French defence and electronics group, the leading contender to take over the company. It is understood that Ferranti's institutional investors have steered Thomson away from attempting to buy only parts of the company.

Sir Derek believes that if Thomson can be lured into making a full bid, at least two other bidders, including one American company, will reopen talks into talks. It is thought that Daimler Benz, the West German engineering group, may be the most likely alternative European suitor.

The company said its top priority, if the rights issued were to go ahead, would be to strengthen its board and senior management, with the appointment of a chief executive.

The first half loss of £15.4m, on turnover of £415.5m, compares with a profit of £16.6m on turnover of £419m in the same period last year.

Redundancies have cost Ferranti £3.5m. By March its workforce will be a 20 per cent smaller than it was two years ago, reducing costs by £20m. A three month work to rule at its Dundee factory cost £1m, while losses of £4.9m were uncovered in an ISC subsidiary in the US.

However, Sir Derek said the company was confident that within the next few weeks it would be awarded a lucrative contract to supply the radar for

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Alan Harper

Sir Derek Alun Jones, Ferranti chairman, yesterday: It's been an awful four months

N Ireland talks could start soon says Brooke

By Ralph Atkins

MR Peter Brooke, Northern Ireland secretary, yesterday said he hoped talks on possible schemes for devolution in the province could start within weeks.

Informal exploratory talks would give Unionist and other local politicians the opportunity to respond privately to his speech on Tuesday identifying "enough common ground" to make talks worthwhile, Mr Brooke said. However, he emphasised that responsibility for starting devolution talks rested firmly in the hands of the province's politicians.

His comments follow a positive initial response from many politicians. Both the Official Unionists and Democratic Unionists have indicated that they are prepared to meet Mr Brooke for further discussion.

Mr Brooke was confident of holding meetings over the next two of three weeks with leaders of the main constitutional parties, similar to those he held shortly after his appointment in July. He said "It would provide an opportunity for them to react in private rather than in public."

The most likely way forward, he said, was some form of devolved administration but stressed that the Government would not set pre-conditions.

He said: "Something will not be workable and durable unless the local political parties agree that it is, the emphasis in this process is wholly on them."

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Viceroy tested as he feels his way, Page 6

Weekend FT

FEAR OF THE MOSQUE

The modern Arab world faces many pressures for change. But what part will Islam play? Michael Field reports.

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Finance

Finance and Family writers assess what investments would have given the best return in 1989

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Diversions

Holidays for the masses: Christina Lamb traces the history of Thomas Cook

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Collecting

In colour – Antony Thorncroft reports on growing interest in the watercolours market

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Food & Wine

Jancis Robinson asks to what extent are hosts responsible for the actions of unthinking, drinking guests

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Travel

Night skiing in the US

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Arts

Frans Hals at the Royal Academy

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Air France takes over UTA to create Europe's largest carrier

By George Graham in Paris and Paul Betts in Brussels

AIR FRANCE yesterday agreed to take control of UTA, the only significant privately-owned French air company, creating Europe's largest carrier.

The state-controlled international airline will buy 54.58 per cent of UTA for FFr3.8bn (£402m) from Chargeurs, the French holding company which owns 82 per cent of UTA. In the process, it will acquire control of Air Inter, which has a near monopoly of French domestic air transport.

UTA owns 35.8 per cent of Air Inter which, added to Air France's 37 per cent, gives the state carrier almost full control of the principal domestic airline. Air France virtually controls TAT, the fourth largest air company in France.

The three main airlines have complementary route structures, with Air Inter on the home market, UTA limited to Africa and the south Pacific and Air France covering the rest of the world.

The link will come as a blow to Mr René Lapautre, chairman of UTA, who has fought hard to win new routes from a French Government which has always preferred to favour Air France and Air Inter.

The deal is expected to provoke a robust response from the European Commission to try to stem the growing trend of mergers and co-operation agreements between European airlines which is threatening to undermine the EC efforts to liberalise European air transport.

A senior EC competition official said he was worried the UTA deal could provoke a chain reaction among European airlines to intensify their search for partners leading to greater concentration in the European airline industry.

He suggested the EC would use its powers either to block the merger or seek changes in the agreement if it felt the merger undermined competition. He added the EC would probably have to take a hard line on recent deals including the co-operation pact between Air France and Lufthansa and Sabena's decision to join forces with British Airways and KLM Royal Dutch Airlines.

The EC intervened when BA took over British Caledonian forcing BA to shed some BCal routes to other airlines.

UTA had long been a thorn in the side of Air France which has sought to consolidate its dominant position on the domestic market while strengthening its international operations through the Lufthansa co-operation pact.

UTA has a relatively small fleet of 19 aircraft but it has a large number of aircraft on order, including 12 Airbus A-340s and 12 Boeing 767s. It aims for a fleet of 43 aircraft by 1994. UTA's orders are seen as an attraction to Air France as aircraft manufacturers are overburdened with orders and waiting lists are long.

Air France has 113 aircraft, with a further 12 owned by its Air Charter subsidiary. It has 60 on order and options on 52.

Air France, UTA and Air Inter had a combined turnover of FFr44.5bn in 1988.

MARKETS

STERLING
New York lunchtime:
$1.6695
London:
$1.6705 (1.657)
DM2.805 (2.7875)
FFr9.5475 (9.495)
SFr2.495 (2.5175)
Y242.75 (241)
£ Index 88.3 (88)

GOLD
New York Comex Feb
$414.7 (415.6)
London:
$417.75 (412.5)

N SEA OIL (Argus)
Brent 15-day Feb
$21.25 (21.05)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.67785
FFr5.7125
SFr1.489
Y145.55
London:
DM1.6875 (1.683)
FFr5.715 (5.73)
SFr1.494 (1.5195)
Y145.3 (145.4)
$ Index 66.8 (67)
Tokyo close: Y145.35

US LUNCHTIME RATES
Fed Funds 8⅛%
3-mo Treasury Bills:
yield: 7.76%
Long Bond:
99$\frac{15}{32}$
yield: 8.17%

STOCK INDICES
FT-SE 100:
2,380.1 (−37.8)
FT Ordinary:
1,909.1 (−31.4)
FT-A All-Share:
1,191.71 (−1.5%)
New York lunchtime:
DJ Ind. Av.
2,717.58 (−43.09)
S&P Comp
343.35 (−5.18)
Tokyo: Nikkei
37,516.77 (−653.36)

LONDON MONEY
3-month interbank:
closing 15⅛% (15$\frac{5}{32}$)
Life long gilt future:
Mar 90½ (90$\frac{8}{32}$)

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Austria Sch24; Bahrain Din0.700; Bermuda $1.60; Belgium BFr55; Canada C$1.00; Cyprus C£0.90; Denmark DKr12.00; Egypt E£3.25; Finland Fmk8.50; France FFr7.60; Germany DM2.60; Greece Dr150; Hong Kong HK$12; Iceland IKR180; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NS3.50; Italy L2000; Japan Y600; Jordan Fils1.000; Kuwait Fils.500; Lebanon £L400; Luxembourg LFr55; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh8.00; Netherlands Fl3.25; Norway Nkr12.00; Portugal Esc150; S.Arabia Ris7.00; Singapore S$4.10; Spain Pta165; Sri Lanka Rup30; Sweden SKr12.00; Switzerland SFr2.50; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L1400; UAE Dh7.00; USA $1.00.

Low rise in retail sales hits hopes for US growth

By Anthony Harris in Washington

HOPES that US growth in early 1990 would be sustained by consumer demand were dashed yesterday with the news that December retail sales rose only 0.2 per cent, while figures for the final quarter were 0.4 per cent down on the third quarter. The news provoked a sharp fall on Wall Street.

In addition, figures for producer prices also disappointed market expectations, with prices for finished goods having risen 0.7 per cent in December despite weak retail demand.

Sales of non-durable goods rose 0.6 per cent, but this was largely accounted for by rising food and petrol prices; sales by department and general stores fell 0.4 per cent on a seasonally adjusted basis, thanks partly to price-cutting, while sales of furniture and eating out – the "discretionary" items regarded as a significant index of consumer confidence – fell by 1 per cent.

Car sales were also down 1 per cent, but this news was expected, since the industry's own figures appeared earlier. However, hopes that the recovery in sales in late December might show a market revival were disappointed by announcements this week of further extensions to the plant closures already announced.

Ford will keep a number of plants closed for the four working days next week, when they were expected to re-open, while General Motors, which had already cut output 25 per cent below 1988 levels in the final quarter of last year, is now planning further cuts.

The figures were well below market expectations. Economists had forecast a 0.5 per cent rise in seasonally adjusted sales, from a November figures which was itself revised down from a 0.8 per cent increase to 0.5 per cent.

The end-year figure was therefore 0.6 per cent below expectations, and only 3.8 per cent above that for December 1988, a fall in real terms. The increase for the whole of 1989 over 1988 was 5 per cent, a little ahead of inflation, but the lowest annual growth for five years.

The official figures, which are subject to heavy revision, appear to contradict reports from individual store groups, which showed an encouraging rebound in Christmas sales.

This may, however, be due to weak competition from some large groups such as Campeau which have sought protection from their creditors, and found it difficult to purchase adequate stocks for the season. Specialist "boutique" chains have also been losing sales to the department stores, and many outlets are expected to close in the next two months.

On producer prices, the 0.7 per cent rise in December brought the increase in the year to 4.8 per cent, and disappointed market hopes that the softening economy would by now have reduced inflation significantly.

However, prices for industrial inputs were soft, falling 0.1 per cent in the month, and the 1.8 per cent in the cost of crude inputs masked an equal fall in all inputs other than energy.

The finished goods rise was led by a 1.4 per cent rebound in energy prices, which were pushed up by heavy demand during the record cold spell in the month, but the index excluding food and energy rose 0.6 per cent, and this was sharply disappointing.

Apart from oil-related products, led by a 6.7 per cent jump in the price of fuel oils, and fresh food prices, there were increases of 1 per cent or more in the month on a rage of goods including tobacco products (up 4.4 per cent), detergents and pharmaceuticals.

The year-on-year increase was also led by energy prices (up 9.6 per cent) and foods (5 per cent), but among the individual products with double-digit increase were tobacco (13.3 per cent), household paper products (12.7 per cent), and glassware (10.9 per cent).

Mourning Romanians turn on new leaders

By Judy Dempsey in Bucharest

AN outpouring of grief combined with a bewilderment about what to do with their new-found freedom swept through Romania yesterday, as a day of mourning was held for those killed last month in the Revolution which toppled the Ceausescu régime.

The mourning, at first confined to Bucharest's main Orthodox Church, flooded the streets where thousands began chanting slogans against the National Salvation Front.

Near University Square, which witnessed some of the worst shooting of the revolution, the crowds wept as they shouted "Timisoara, Timisoara" – a reference to the city which first started the mass demonstrations against the Ceausescus.

But then the crowds shouted slogans against Mr Ion Iliescu, head of the National Salvation Front.

He was forced to defend his policies from the top of an armoured car, pleading for silence and promising that those responsible for killings during the revolution would face public trial, as the crowd chanted "Death should be answered with death, death, death, death".

It remains unclear if provocateurs and officials hostile to the interim government's plans to press ahead with free and independent elections manipulated the crowds, or if the crowds were genuinely impatient with the National Salvation Front, which has been less than forthcoming with information about any future round-table talks or when the elections will be held.

In front of the Foreign Ministry on Victory Square, where the Front has its headquarters, several thousand people asked the leadership of the Front to talk to the people.

Mr Petre Roman, the Prime Minister, stood up on a tank and appealed to the crowds to be patient. But he was booed.

Some individuals warned the crowds not to be manipulated by "hangers-on" who now fear for their privileges and political futures. Others pleaded for Romanians to work hard.

"No productivity, no work and more shortages will only help those who want to sabotage the revolution", they told the crowds, who seem uncertain about the political motivation of the Front.

"We have suffered enough over the past 40 years," one woman said. "Now we want results from the Front." Such sentiments, which were repeated by many others, suggest the euphoria of the past few weeks is giving way to impatience and provocation.

An army officer salutes and the kneeling crowd make victory signs in downtown Bucharest, mourning victims of the uprising

EC agrees East bloc first food aid package

THE first projects in Eastern Europe financed by the European Community's emergency food aid programme have been agreed at a meeting in Warsaw attended by Mr Raymond MacSharry, the EC's Agricultural Commissioner, writes Tim Dickson in Brussels.

A Commission spokesman in Brussels said last night that the allocations include money for a food processing facility, a slaughterhouse, and a cooling plant, while another project will concentrate on improving water supplies in Polish villages.

The initiatives are all being backed by the Counterpart Fund set up on the proceeds from around Ecu125m of surplus food being supplied from EC intervention store. Much of this has gone to Poland, though 320,000 tonnes of bread-making wheat which has been promised as part of the package has not yet been sent.

German takeover figure doubles

The total value of takeovers both by and of West German companies in 1989 was more than double that of 1988, rising from DM27bn to DM57bn, according to the German consulting firm M&A International, writes David Goodhart in Bonn.

The sharp rise is attributed to foreign interest in German companies with an eye on the EC's single market, plus a change in the tax law which by increasing capital gains tax on company sales above DM30m caused a flurry of family company sales before the change became effective at the start of this year.

M&A registered 1,424 deals – marking a rise from 1,209 in 1988 – of which 53 per cent were German companies buying other German companies, 32 per cent were foreign companies buying German companies and 15 per cent were German companies buying foreign companies.

Of the foreign acquirers the US remained top of the list with 97, the British came next with 87, the Swiss were third and the French fourth.

Nigerian leader cancels US trip

President Ibrahim Babangida, Nigeria's military leader, has cancelled a four-day visit to Washington, writes Michael Holman.

This follows a row over a recent cabinet reshuffle in which Gen Babangida took over the defence portfolio from General Domkat Bali. Gen Bali turned down the offer of the interior ministry, describing it as a humiliating demotion, and complained of what he called the president's "dictatorial" behaviour.

He has since said that he remains loyal to General Babangida, who took power in a coup in August 1985.

Thirteen die in Natal fighting

Thirteen people were killed in a black township in Natal province when three houses were set on fire in what appears to be a fresh outbreak of fighting between rival anti-apartheid groups, police said yesterday, Reuter reports from Johannesburg.

Twelve people died from burns and another was stabbed to death during a dispute between black gangs at Cottonlands township.

Menem removes oil company chief

Argentina's President Carlos Menem on Thursday ordered the resignation of the state oil company chief, who has close ties with a former rebel military officer, for claiming the army's chain of command was broken, Reuter reports from Buenos Aires.

Presidential spokesman Humberto Toledo said Mr Menem had asked Public Works Minister Roberto Dromi to relieve Mr Octavio Frigerio, head of state-owned Yacimientos Petroliferos Fiscales (YPF), the country's largest company.

UK remains leader as foreign direct investment in US grows

By Peter Riddell, US Editor, in Washington

BRITAIN remained by far the largest direct investor in the US last year, raising its share of an already fast-growing total.

According to figures from the Association for International Investment, a Washington-based trade association which opposes controls on capital movements, foreign direct investment in the US in the first nine months of last year was nearly \$44bn (£27.5bn), 24 per cent higher than in the same period of 1988.

Britain accounted for \$19.7bn of these new investments, taking its total to \$121.6bn, or 32.6 per cent of all foreign direct investment.

The association estimates that overall new foreign direct investment in the US will have been between \$63bn and \$68bn over last year as a whole, compared with the previous record of \$58bn in 1988.

Japanese investment in the US in the first nine months of last year was \$5.4bn, somewhat down on the same period of 1988. But there may be lags in the data and the association believes that the full-year total will be at least \$10bn.

The biggest change was in French direct investment, which rose by \$5.3bn in the first nine months of the year, to \$16.7bn.

Mr Brad Larschan, the association's corporate secretary, comments that "there is every reason to believe that foreign investment will continue to grow at a rapid pace in 1990". However, he warns that the large increases will heighten congressional concern over foreign purchases of US assets.

So far, this concern has mainly been aimed at the Japanese, in particular at their purchase of property in California and New York City.

While there has been occasional talk in Congress about tougher controls, this has been resisted by the Bush Administration. The more formal scrutiny procedures on national security grounds introduced in the 1988 Omnibus Trade Act have made little practical difference.

Honda to lift imports from US plants

By Ian Rodger in Tokyo

HONDA Motor, Japan's third largest car maker, plans to import 12,000 cars from its US factories to Japan this year, more than two-and-a-half times the 4,679 units imported last year, according to Mr Tadashi Kume, Honda's president.

The huge increase, which could have a perceptible impact on Japan's large trade surpluses with the US, will be due mainly to the start-up of the company's second assembly plant in the US, creating considerable additional capacity there at a time when the US market is softening. The new capacity will enable the company to meet demand in Japan for the US-made Accord Coupé model, which up to now has been greater than supply.

Exports to North America would remain at about 430,000 units this year, roughly the same level as last year.

Mr Kume, speaking in Tokyo, predicted that imports into Japan from factories in the US and Europe would reach 50,000 a year by the mid-1990s.

Honda's strategy for the 1990s was to make its operations in the US and Europe self-reliant.

Stockholm tax fraud charge laid

By Robert Taylor in Stockholm

THE former chief executive of Scandinaviska Enskilda Banken, Mr Jacob Palmstierna, was yesterday charged by the country's public prosecutor with serious tax fraud, in an application for a summons in the Stockholm high court.

At the same time, the bank, Sweden's largest commercial bank, was threatened with a fine for allegedly omitting to provide required information to the tax authorities on the provision of a villa for a former chief executive, as well as on payments of appropriate tax on the property.

Mr Bjorn Edgren, the bank's legal adviser, said yesterday that SEB would refuse to pay the fine, but added that the question was legally complicated and required more analysis.

Mr Palmstierna resigned his position at the bank, which he had held for less than seven months, on November 14 after a period of administrative leave. This followed allegations in the Swedish media of tax irregularities.

It has been alleged that Mr Palmstierna did not reveal in his tax returns details of the advantageous, and subsidised, rent in a scheme with the bank for a luxury home he was living in in one of Stockholm's fashionable neighbourhoods. The police carried out a well-publicised raid on the bank's head office in the search for private documents belonging to Mr Palmstierna.

From the outset of the affair, which has embarrassed the bank, Mr Palmstierna has declared his innocence of any wrongdoing.

Cairo minister sacked after outcry

By Our Correspondent in Cairo

MR ZAKI BADR, Egypt's tough Interior Minister, was sacked yesterday by President Hosni Mubarak in response to public outcry over critical remarks Mr Badr made this week about senior members of the cabinet and the opposition.

Mr Badr had earned a reputation for toughness in his efforts to tame domestic dissent, especially from radical Islamic groups, and more recently from leftists.

The Interior Ministry said Mr Badr would be replaced by Mr Mohammed Abdul-Halim Moussa, governor of Assiut and a career law-enforcement official who has a reputation as a conciliator and negotiator.

Reports published this week in opposition newspapers charged that Mr Badr had used obscene and degrading language in criticising a number of leading public officials. Some of the remarks were surreptitiously tape-recorded by a member of the opposition, according to the weekly Al-Shaab, and included references to various officials as "idiots, homosexuals, thieves, Communists," and "smugglers".

Among the public figures who were the objects of Mr Badr's invective were Mr Atef Sedki, the Prime Minister, Mr Mohammed Abu Ghazala, the former Defence Minister, and Mr Yusuf Wali, Deputy Prime Minister and Agriculture Minister.

Mr Moussa, the new Interior Minister, has received praise for his conciliatory approach in dealing with Islamic fundamentalism in Assiut. Several opposition leaders expressed relief at the choice.

EC trade offer goes to Czechs

By David Buchan

THE EC's offer to Czechoslovakia to widen its existing trade agreement, as a first step to gaining formal associate status with the EC, was conveyed to Prague yesterday.

On the first day of his three-country swing through Eastern Europe, Mr Frans Andriessen, External Affairs Commissioner, told Czechoslovak Prime Minister Marian Calfa the EC was working on the idea of "second-generation" association accords with East European countries. The first step towards this, in Prague's case, would be a widening of the EC's limited agreement, reached in 1988, which eased quotas on certain Czech industrial goods.

Mr Calfa said he wanted not big loans but improved market access for hard-currency-earning exports and technical help in banking and financial services. Prague wanted to play a part in the European Development Bank now under negotiation. The outcome of last week's Comecon meeting in Sofia was "not very satisfactory", Mr Calfa told the EC Commissioner. The Czech premier voiced worries about the Soviet plan for Comecon countries to start trading soon in hard currency and at world prices.

While backing Moscow's idea in principle, Mr Calfa feared the terms of trade might move rapidly against Czechoslovakia if the price of its industrial and consumer exports to the Soviet Union were cut, and the price of the latter's raw material and energy shipments raised.

Mr Andriessen intimated Czech leaders should not give up hope of genuine Comecon reforms. Concern is growing in Brussels about the EC's ability to cope with a sudden shift of East European trade westward. Mr Andriessen said the restructuring of the Moscow-based trade system "might be important to achieve more economic and political stability in the region".

The roots of Czechoslovak democracy were stressed to EC officials by Mr Alexander Dubcek, the new president of the federal assembly, who is to pay a visit to the European Parliament next week. Officials said they were more concerned about political instability in Bulgaria, their next port of call.

More transatlantic flights may follow talks

ADDITIONAL transatlantic flights between the US and Britain are likely to be agreed as a result of talks in Washington which have broken the lengthy stalemate on revising the bilateral air service accord, writes Peter Riddell from Washington.

Mr Cecil Parkinson, the British Transport Secretary, said at a news conference here that "very good progress" had been made in his talks with Mr Samuel Skinner, the US Transportation Secretary. He said that a package "fair to both sides" had been identified and they were "near to agreement", which he hoped would come within three weeks.

There had been hopes on the British side that a deal might have been agreed this week, but there are still detailed problems to be resolved. Officials will now work on these ahead of a visit by Mr Skinner to London early next month, at which it is hoped a formal announcement will be made.

Mr Parkinson declined to give details but said that Manchester Airport would figure in the agreement. The US Transportation Department declined to go beyond what he had said.

Manchester Airport has been pressing strongly for an expansion of transatlantic and international services. This would benefit airlines such as British Midland and Air Europe and US airlines such as American which have sought to increase services to Manchester.

Spotlight on EC's failures to implement pollution law

By Tim Dickson in Brussels

MR Carlo Ripa di Meana, the EC's Commissioner responsible for the Environment, plans to highlight member states' growing failure to live up to their anti-pollution commitments.

According to senior EC officials in Brussels, well over half the 200 existing environmental directives have not been widely implemented by national governments, either because the rules have not been properly translated into national law or because the detailed water, air, or noise standards they lay down are not being observed.

Mr Ripa di Meana, who said a year ago that enforcement should be a priority of the Commission's policy, is understood to be increasingly concerned at the gulf between the EC's vocal commitment to a "greener" Europe and the actual situation. Detailed work is being carried out on the compliance record of the member states, and this is likely to be given wide publicity in the next few weeks.

A high profile Commission approach to the problem may well anger some member states – notably Britain – which feel that some of the standards set in the earlier years are unrealistically high.

One of the problems facing the Commission is that it has limited resources to gather reliable information about what is happening on the ground, and only cumbersome means of bringing the 12 governments into line. The ultimate sanction – as several member states have discovered in recent months – is legal action in the European Court of Justice, but this is a long process which can be started only after formal warnings have been given and which can in some circumstances take two years to complete.

Without an official Community inspectorate the Commission relies to a large extent on irregularities brought to its attention by members of the public, the press, Euro-MPs and a variety of Non-Governmental Organisations (NGOs).

The controversial case against Britain's "dirty" drinking water, for example, was fuelled by information from public pressure groups, while the similar action announced on Wednesday against the Bonn Government for failing to implement the 1980 drinking water directive was partly prompted by German news media.

The fact that the Commission has promised to follow up all complaints laid at its door means, however, that its case load greatly reflects public opinion in each of the member states. More than 60 detailed complaints about British water from the "green" lobby are now being investigated in Brussels, but there is barely a public squeak about the quality of French water (even though the French Government is also in the Luxembourg dock over water and is not thought in Brussels to have cleaner supplies).

French environmentalists, it should be added, are far from silent. It is just that most of their complaints are from ornithologists concerned about alleged failures to comply with the terms of the 1979 directive on the protection of wild birds.

Another challenge facing Mr Ripa di Meana and his colleagues is how to overcome the constitutional realities in some of the member states. Belgium, which has one of the worst records, invariably has difficulty implementing directives because of its federal political structure, while the conflict between state and central government creates similar problems in Germany.

Even the records of national governments, however, may be no guide. Commission officials find that Italian local authorities, for instance – despite a lack of political will in Rome – are frequently quite tough in applying EC environmental standards.

German Greens' birthday row

By David Goodhart in Bonn

THE West German Green Party yesterday celebrated its 10th anniversary with a bitter public row and a deluge of pessimistic analyses of the party's future, even though the party's ideas and values have never had more widespread support in both Western and Eastern Europe.

The party's domestic fortunes have declined since early last year, when the moderate "realo" wing became the dominant force in the party and, briefly, a Social Democrat-Green Government in Bonn seemed a possibility. However, the party continues to win the support of at least 7 per cent of voters, who remain loyal despite, or perhaps because of, the Greens' consistently shambolic image.

Yesterday at the official anniversary press conference one of the three party "speakers", the realo Ms Ruth Hammerbacher, called for the resignation of her fellow speaker, the leftist Ms Verena Krieger, who had earlier accused her own party of joining the establishment. It was left to the third speaker, the centrist Mr Ralf Fücks, to claim that Green ideas were now stealing the show everywhere.

The Greens have recently lost much of their original political appeal as other parties have stolen their agenda. Pricking the consensus between the main parties over the desirability of German reunification could have given the Greens an opportunity to re-establish their critical credentials, but they have been divided on the issue.

The party still adopts a structure and more akin to a movement than a political party. Realo-inspired changes in the structure, including an abandonment of the "rotation principle", should be pushed through in March. It was mainly this principle, whereby two Bundestag representatives split the duration of their elected term, which caused the loss of the Greens' best-known and most moderate national voice, Mr Otto Schily, to the Social Democrats.

Tax on fossil fuels is urged

By John Hunt, Environment Correspondent

A CARBON tax on fossil fuels such as coal and oil which contribute to global warming – the greenhouse effect – is being advocated by Mr Carlo Ripa di Meana, EC Environment Commissioner. He is also seeking greater aid from the Community to help Eastern European countries deal with "their disastrous environmental situation".

Addressing a symposium on technology and the environment at the Italian Trade Centre in London yesterday, he hoped the European Commission would come up with initial proposals this year on an energy tax and market-based incentives to discourage pollution. He thought the time had come for the EC to move away from a purely legislative approach to environmental problems towards "more committed action". This would involve using the "economic leverage" of incentives and taxes.

Mr Ripa di Meana said any proposal from the Commission would be by recommendation. Fiscal matters of this kind were too sensitive to be imposed on member states.

Taxes and incentives to cut pollution are included in the solutions put forward last year by Prof David Pearce, to Mr Chris Patten, UK Environment Secretary. They are being considered for possible inclusion in the white paper on environment policy the UK Government will bring out in September.

Mr Ripa di Meana said it would be a long fight to improve the environment in Eastern Europe, and great resources would be needed. A package of Community assistance had already been agreed. But more was needed for countries such as Czechoslovakia, Romania and Bulgaria.

He was working on recommendations for a stricter system of environmental international law. There was a "dangerous vacuum" in this area; he wanted the EC to start a debate with other countries and organisations such as the UN Environment Programme.

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BRITAIN'S FOREIGN SECRETARY FACES BARRAGE OF DEMANDS

Hurd must do HK balancing act

By Robert Mauthner, Diplomatic Correspondent

MR Douglas Hurd, British Foreign Secretary, is expected to face a barrage of demands from the people of Hong Kong on their future, most of which he feels unable to satisfy, when he arrives for a four-day official visit to the colony today.

On his first visit to the colony, due to be handed back to China in 1997 under an agreement reached by London and Peking nearly six years ago, Mr Hurd will be involved in a delicate balancing act between the wishes of Hong Kong, the strictures of Peking and the clamour of right-wing Conservative members of parliament.

Mr Hurd has made it clear he will not announce any new steps on increasing the democratic representation of the people of Hong Kong during his visit, in a move intended to assuage the fury of China, which looks on the fostering of democracy in the colony as a bid to undermine its future sovereignty there.

Back from Peking, where he has been having talks with Chinese leaders, Sir David Wilson, Governor of Hong Kong, said yesterday he had stressed that Hong Kong and Britain had no intention of using Hong Kong as a base of subversion against China. Mr Hurd, anxious to wait until Hong Kong's future constitution, known as the Basic Law, is finalised by Peking next month, has said there is no need for a quick decision on direct elections to the colony's Legislative Council. He clearly hopes that, meanwhile, it will be possible for the gap between the two sides to be narrowed.

At the moment, China's draft of the Basic Law falls far short of Hong Kong's demands. While Hong Kong's leaders want one-third of the 60 seats of the Council open to direct elections in 1991 and one half in 1995, Peking's draft Basic Law provides for no more than 18 to be directly elected by 1997, a situation which would remain unchanged for 10 years.

For similar reasons, the Hong Kong authorities have also shown signs of being ready to dilute the proposed Bill of Rights for Hong Kong so that it no longer takes precedence over other laws to which the territory will be subject.

On the issue of the right of abode to be granted to Hong Kong citizens wishing to settle in Britain before 1997, Mr Hurd has hardly any room for manoeuvre, given the outcry that Britain's offer of passports to 50,000 families (an estimated 225,000 people) has already provoked in the ranks of the Conservative Party at home. Peking's sharp criticism of the measure has made it even more unlikely Mr Hurd will offer the people of Hong Kong a more generous nationality package.

Mr Hurd has also stressed that Britain will not back-track on its decision to go ahead with the enforced repatriation of all Vietnamese boat people in Hong Kong who have not been classified as genuine refugees. Amid a storm of international criticism, Britain has so far forcibly returned a group of 51 "economic migrants" to Vietnam. But it has temporarily suspended the mandatory repatriation programme in the hope that an international agreement can be reached to deal with the flow of boat people, 43,000 of whom have arrived in Hong Kong since June 1988. A new influx is expected when the weather improves in March. Indications were in Geneva yesterday that talks on the fate of the boat people scheduled for next week might be postponed to allow two of the principal participants, the US and Britain, time to settle their disagreements.

Sir David Wilson with a Chinese official in Peking yesterday

'Better understanding' seen with China

By John Elliott in Peking

SIR David Wilson, Governor of Hong Kong, said yesterday "a better understanding" had been reached with Chinese leaders in three days' talks in Peking on issues linked to the colony's return to Chinese sovereignty in 1997.

But Sir David won no concessions on the two issues dividing Peking and Hong Kong. These are the pace of the colony's democratic reforms, and Britain's plan to issue passports to up to 225,000 people.

Li Peng, China's hardline Prime Minister, yesterday backed development of Hong Kong's economy, including a planned new airport, during an hour's friendly talk. He also appeared to favour the impact this has on mainland China's economy, especially the southern province of Guangdong. Other officials said they would try to stem the flow of Vietnamese boat people to Hong Kong along their coastline.

"We are talking again and that's important," Sir David said after his first visit to Peking since last June's Tiananmen Square crisis. He had aimed to try to restart a dialogue, defusing potential crises that have been building up. "We don't always see eye to eye but we did lay out our different views sensibly and unemotionally. That I call progress. So it was a useful visit." But Peking's political leaders remain nervous about developments in Hong Kong, where attitudes have become politicised against China's régime since last June. In the past three days, Sir David has not managed to do much to lessen this tension, but urged the leaders not to exaggerate the problem of demonstrations in Hong Kong.

Officials repeated Peking's opposition to Britain's passports plan. They are believed to have reiterated there would be reprisals if the scheme were not withdrawn. But this was not mentioned by Li Peng. The Chinese took a tough line on the pace of democratic reform, which both Hong Kong and the UK want to speed up from 1991. Sir David is believed to have stressed Britain reserved the right to go ahead with faster reforms from 1991, even if this conflicted with Peking's plans for 1997.

● China yesterday imposed new curbs on demonstrations in Tiananmen Square and other central areas. Foreign journalists face curbs soon.

Boeing offers stake in airliner to Japan

By Michiyo Nakamoto in Tokyo

JAPANESE aerospace manufacturers are considering taking a 25 per cent stake in Boeing's new 300-seater airliner, the B777, a move that would significantly raise their profile in the world aerospace industry.

Three companies, Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries, said they were studying a request by Boeing to take a 25 per cent share of development and production costs of the B777, estimated at Y500bn (£2.07bn).

In return, the Japanese companies would be asking for a comparable share of the design, manufacture, marketing and maintenance of the B777. This would greatly enhance their position in the industry from one of subcontractor to joint partner.

Negotiations are continuing. "We have been approached by Boeing and are studying their proposals but it is such a big project that it is not something private companies can take up on their own," said a Mitsubishi official.

Officials suggested that a decision was not likely to be made without a commitment for funding from the Japanese government.

Tokyo has been eager to support the development of the aerospace industry and manufacturers are hoping that the Ministry of International Trade and Industry will agree to shift funding from the B7J7, a joint project with Boeing to which it has already committed funds.

The ministry, which has targetted aerospace as a key industry for Japan and is eager to encourage joint production projects, will find it difficult to turn down the request.

Japanese aerospace makers have been on the lookout for such a project in which they would be able to participate as partners rather than subcontractors. They are especially eager to acquire skills and experience in areas such as design, repair and marketing, which are absolutely essential in becoming an all-round aircraft manufacturer.

At the same time, the high costs and high risks of developing and producing aircraft have meant that manufacturers have had to look increasingly to partnerships to dilute those risks. Japanese manufacturers are attractive partners because of their funding abilities and their high technological level.

For its part, Boeing is also keen to tap Japanese financial and technological resources to strengthen its position against European competitors.

End of the line for Canada's railway legend

She'll be goin' round the mountain when she goes... Bernard Simon laments the demise of The Canadian

THIS SUNDAY, will be a day of nostalgia for many Canadians. Just before 10am in Montreal and nine hours later in Vancouver, the country's most famous passenger train, The Canadian, will start its last 4,600 km trans-continental run.

Besides its fame as a train, The Canadian is a symbol of the history and geography of a vast, sparsely populated country which owes its existence in part to the construction of the Canadian Pacific railway in the 1880s. The Canadian's three-day journey, along the north shore of Lake Superior, across the prairies and through the most spectacular parts of the Rockies, has made it a premier tourist attraction.

Less grandly, The Canadian has become a symbol of the parlous state of the whole of Canada's passenger rail system. The Canadian's demise coincides with other cuts next week that will halve the services provided by Via Rail, Canada's government-controlled passenger rail operator. Almost 2,800 Via workers, some 38 per cent of its workforce, will lose their jobs. The belt-tightening will see the end of passenger rail service to several communities, including Regina, the capital of Saskatchewan, and Peterborough, a university and business centre in central Ontario.

In contrast to the revival of Amtrak in the US over the past decade, passenger rail service north of the border has limped from one crisis to another since Via was created in February 1977. The company has been unable to reverse a decline in passengers, despite such inducements as discounts of up to 50 per cent on your next ticket if your train is more than 15 minutes late. Via carried 6.4m passengers in 1988, down from 8m seven years earlier.

The result is that Via has continued to be a drain on the public purse. Ottawa subsidised it to the tune of C$5.6bn (£2.9bn) during the 1980s, reaching a peak of C$641m in 1988, equal to C$100 per passenger. Recovery of costs has remained at a dismal 30 per cent. This is partly due to the difficulties of running comfortable and punctual trains in awful weather across a vast country of only 26m people.

It is widely accepted that only the corridor between Windsor, Ontario, and Quebec City – a strip which includes Toronto, Ottawa and Montreal – has sufficient population to support a regular and consistently profitable long-distance passenger train service. But Via has faced handicaps which might have been avoided. Although the company owns its own rolling-stock and some stations, it leases track from the two biggest rail operators, CP Rail (a subsidiary of Canadian Pacific) and Canadian National. Via has complained its trains are given lower priority on the tracks than CP's and CN's freight trains. Its trains have to compete with commuter trains in the busy southern Ontario corridor. Unlike Amtrak, Via cannot boost its revenues by carrying mail or parcels, nor does it have any income-producing real estate holdings.

The latest Via cuts do not make life easier for CN and CP. CN expects payments from Via to drop by about C$30m this year, but some of that will be recouped by cost savings. This comes when freight traffic is also slowing, partly because of a slackening economy and partly because of stiffer competition from trucks. "We're expecting 1990 to be a tough year for us," says Mr John Sturgess, CN's executive vice-president.

Much to the dismay of CN and CP, the Ontario government has proposed extending the maximum length of trucks allowed on the roads from 23 to 25 metres. The end of The Canadian does not mean an end to all trans-continental passenger service. A Via train known as The Super-Continental will run between Toronto and Vancouver three times a week, but along a less scenic northern route, passing through Edmonton and Jasper, instead of Calgary and Banff.

In addition, a Toronto travel agency, Blyth and Co, plans to use the southern route for a new de luxe train modelled on the refurbished Orient Express. The double-deck, glass-domed Royal Canadian is being built by Rader Corp. of Denver. The food contract has been given to a three-star Alsace restaurant, which is sending two of its chefs to Canada.

The first Blyth train, chartered by Mackenzie Financial, Canada's biggest mutual fund distributor, leaves Toronto on July 1. Fares will be several times higher than The Canadian, starting at C$1,495, including three meals a day. Via is seeking private operators to take over other lines, including its Rockies-by-Daylight train which travels once a week during the summer between Vancouver and Kamloops, British Columbia.

The cuts in service taking effect next week are expected to slice the subsidy paid to Via by about half, or C$1bn over the next five years. Much of the remaining subsidy will be used to support routes to eight isolated communities, such as Churchill, on the shores of Hudson's Bay.

Except for these routes and its scaled-down trans-continental service, Via will now concentrate on the Windsor-Quebec corridor. Shortly before the cuts were announced last autumn, the Ontario and Quebec governments appointed a task force to examine the feasibility of a high-speed train along the southern Ontario and Quebec industrial corridor.

Sale of engines plant will not hit jobs, says Rover

By John Griffiths

JOB SECURITY assurances were given to some 1,600 workers at Rover Group's Drews Lane components plant in Birmingham yesterday after the company announced it was negotiating the plant's sale to Leyland DAF.

The site adjoins – and was once part of – Leyland DAF's facility for making panel vans, known until last year as Freight Rover.

Leyland Vehicles and Freight Rover became part of the Dutch truck-maker DAF in 1987 as part of the Government's privatisation of Rover Group. Rover has a 16 per cent stake in Leyland DAF.

Neither side would discuss the price Leyland DAF will pay to Rover, now a British Aerospace subsidiary, if a deal goes ahead.

The issue is a sensitive one for BAe, which bought Rover from the Government for £150m.

The Government has been criticised for selling Rover too cheaply, particularly since BAe expects to benefit from the sale of several Rover sites.

Rover and Leyland DAF said that some Drews Lane work would be transferred to Longbridge and Solihull, the other *Rover plants in the area. Both* companies said they planned vehicle production increases.

"Together, this will ensure that the total job opportunities in the Birmingham area for the existing Drews Lane work force will more than match current manpower levels at the plant, thus ensuring continuity of employment," the companies said in a joint statement.

Longbridge is the production centre for the new Rover 200/Honda Concerto hatchback series. It also makes the Metro, and Rover's new K-series engine which will power the Metro's replacement – to be built at Longbridge later this year.

Rover 200 output is expanding rapidly. It is due to reach 4,000 units a week in March and Rover is recruiting a further 150 workers, on top of 1,300 taken on since late 1988. The plant employs 14,500 workers.

Solihull, which employs 9,000, makes the Range Rover, Land Rover and the group's recently-launched Discovery. It is recruiting another 100 workers, as well as the 800 taken on in preparation for Discovery production. Discovery output is scheduled to rise from 250 to 390 a week.

The Drews Lane facility makes the soon-to-be obsolete A-series engine for the Metro, as well as suspensions, axles and other components for Leyland DAF's vans, formerly known as Sherpas.

Manufacture of components for Leyland DAF would be incorporated within the expanded vans facility, while Drews Lane's surviving activities will be redistributed within Solihull and Longbridge.

The apparent confidence that all the workers can be found jobs is also based on the *fact that* Leyland DAF is investing £100m in a new van range, – part of an intended joint venture with Renault. A letter of intent to develop the new range jointly was signed by the two companies in October, and final agreement is expected shortly.

It envisages production of 80,000 or more vans a year, shared between France and Birmingham, and implies a doubling of van production at the Leyland DAF facility. Last year it produced an estimated 22,000 vans, very close to single-shift capacity.

Environmentalists unfriendly to 'misleading' labels

David Thomas examines the response of manufacturers to pressure against excessive 'green' claims

GREEN consumerism has the briefest of histories in Britain, but there are signs that it is entering a new phase – one in which businesses will have to take greater care to substantiate their claims before wrapping their products in a green label.

The Government this week signalled that it is losing patience with manufacturers which plaster their wares with unjustifiable claims of eco-virtue in an attempt to cash in on the environmental bandwagon.

On Tuesday ministers unveiled plans to amend the Trade Descriptions Act to prevent goods from being falsely labelled as "environmentally friendly." They also announced their support for a European Community labelling scheme. That would require products to be vetted by an independent body before they could carry the proposed EC eco-label.

Ironically, the Government appears to be preparing to act just as the more blatantly false environmental claims are becoming a thing of the past. This is thanks largely to pressure from environmental groups such as Friends of the Earth and from consumer organisations like the Consumers' Association.

Rover Group, for example, had the dubious honour last autumn of winning a Friends of the Earth "Green Con" award for running an advert which stated: "What's more, the Surf is capable of running on unleaded petrol. This means it's as ozone-friendly as it is economical."

Rover scrapped the advertisement as soon as it grasped the lack of a relationship between unleaded petrol and damage to the ozone layer.

"We were green with ignorance, although we quickly put our mistake right. The company was perhaps as naïve in that respect as our [advertising] agency," Rover admitted ruefully this week.

Weeding out clear-cut errors such as the Rover advert is relatively easy. The focus has now switched to the more difficult task of tackling exaggerated claims.

Ms Sian Morrissey, a researcher on environmental issues for the Consumers' Association, says: "We are not saying that companies are telling blatant lies – the Trade Descriptions Act could deal with those – but they are still misleading people."

Which?, the association's magazine, published an article on green labelling this month which called for the banning of general claims, such as "environmentally friendly," and of claims that are not explained, such as "environmentally friendly pulp." Two examples illustrate the issues involved:

● J. Sainsbury, like other supermarket chains, reacted to the first wave of "green" consciousness early last year by devising its own green label. It attaches the motto "environment-friendly" encircling a hand holding up the earth to dozens of products on its shelves. Sainsbury argues that the label is not misleading because it is applied on specific grounds: the product is environmentally more benign either than a product which it replaces or than a competitor's. For example, Sainsbury's Revive kitchen towels use recycled paper, while its Greencare bleach is chlorine-free.

The Consumers' Association says that general claims such as "environment friendly" are misleading because no product can be entirely environmentally neutral.

● Procter and Gamble, the US-based consumer products group, which has also introduced environmental labels, said yesterday that it attempted to "screen out anything that is harmful to the environment" from its products, although what this means varies from brand to brand.

For example, the company labels its Pampers disposable nappies "environmentally friendly pulp," because they are not made by using some of the main pollutants such as chlorine which have caused environmental problems in rivers near Swedish pulp mills.

Against this, the Consumers' Association argues that all pulp production is highly energy-intensive and therefore *environmentally damaging.*

Companies' green labels may be seen as a half-way house before the adoption of a statutory scheme. Sainsbury, which like Procter and Gamble, says it backs the Government's plans, explains: "We support a strong government-backed labelling system. We regard our labelling system as an interim one until the Government comes up with a standard labelling system."

In fact, some companies which helped to pioneer environmental consumerism have already evolved more subtle labelling.

For example, Varta, the West German-based batteries group, took market share from its competitors when it described a mercury-free battery as "green" in 1988.

Last year, it went one better by introducing a cadium-free battery, but also revised its labelling, describing its batteries as "environmentally friendlier." Mr Chris Ash, Varta's UK marketing director, explains: "We realised that we had been implying an absolute standard which is impossible for any product."

The first set of part-opportunistic, part-naïve, responses by companies to environmentalism may be coming to an end.

Still unclear is the impact of the Government's latest intervention on business attitudes.

On the one hand, ministers appeared to embrace a tough attitude by suggesting that they would clamp down on loose terms such as "environmentally friendly" and that products would not qualify for the proposed EC eco-label unless they were environmentally benign from their production through to their disposal.

On the other hand, the Government was studiously vague about the timetable for amending the Trade Descriptions Act or for the official eco-label. The Environment Department said yesterday that it would introduce an eco-label in Britain only after agreement on an EC-wide system.

Environmental labelling is likely to remain an area ripe for confusion and bitter argument in the meantime.

The runner-up in the Friends of the Earth "Green Con" award was Higgs, an Essex-based furrier which advertised its silver-frost fox-fur coats as "environment-friendly," on the basis that killing foxes does not damage the ozone layer – unlike processes used to make artificial furs.

Five "green" containers: supermarkets support a government-backed labelling system

GEC redundancies as power cutbacks bite

By Nick Garnett

THE first redundancies after the Government's virtual abandonment of the nuclear power station programme in November were announced yesterday by the power equipment industry.

GEC-Alsthom said it was shedding 210 jobs at its plant in Larne, Northern Ireland and 20 jobs in a design office at Trafford Park, Manchester.

The Larne plant, which employs 750 people, manufactures heat exchangers for power stations. The jobs to be lost in Trafford are all related to design activities for the same equipment.

GEC-Alsthom had been anticipating winning some or all of the turbine generator and heat exchanger orders for three new PWR stations in the UK. However, this programme appears to have been shelved by the Government following its decision not to include the nuclear power sector in its electricity privatisation programme.

A further blow was struck earlier last year with the cancellation of plans for three new 900 MW coal-fired stations in the UK. GEC-Alsthom had won equipment design contracts for all three.

Cutbacks could eventually hit jobs in other other parts of GEC-Alsthom, but some operations such as turbine generator manufacturing still have a substantial workload.

SIB chairman deplores 'unconstructive' criticism

By Barry Riley

RECENT sharp criticism of the Securities and Investments Board (SIB), the top watchdog body of the investment industry, has been received with "surprise and disappointment" by the SIB's chairman, Mr David Walker.

He said he regretted "the unconstructive and almost adversarial flavour of some of the recent public comment about the way in which the relationships and responsibilities between SIB and self-regulatory organisations may develop."

Two of the SROs have published critical replies to last autumn's confidential SIB discussion document, A Look Forward. Others have expressed concern privately.

Imro, the Investment Management Regulatory Organisation, complained of the document's "strong cen*tralist philosophy," and the* Association of Futures Brokers and Dealers criticised the way in which the arguments consistently resolved "in favour of a large and dominant SIB."

Mr Walker said that the SIB was seeking to implement a more flexible and cost effective framework for self-regulation.

He added: "We at SIB believe strongly that the development of the new approach must be a collaborative effort and I hope that, on reflection, a mature approach will prevail so that rapid progress can be made on the large number of issues on which SIB and the SROs are currently engaged together."

The Look Forward strategic study has so far been confidential, but it is understood that copies will soon be made more freely available.

Share fraud case teacher 'is abroad'

By Raymond Hughes, Law Courts Correspondent

A SCHOOLTEACHER accused of making multiple share applications failed to appear in court yesterday because he had decided "to seek a future abroad."

A warrant was issued for the arrest of Mr Ian Cowan, 56, who was due to appear at Southwark Crown Court on charges of obtaining property by deception. The charges relate to applications he made in false names for £195,440 worth of shares in British Gas, British Airways, Rolls Royce, British Airports Authority and British Steel.

Mr Godfrey Carey, for the Crown Prosecution Service, told Judge Anwyl-Davies QC that last month Mr Cowan had written to the police saying: "I can't go on under this dreadful suspense." He also said that the passport he had surrendered to the police had been a duplicate, issued when his original passport was stolen in Italy. The original had been found "stuffed behind a radiator in a hotel."

Mr Cowan said in the letter that he was "living under virtual house arrest" and had suffered a substantial loss of income as a supply teacher because of a bail condition of residence. This stipulated that he should continue to live at his present address in a flat in World's End, Chelsea, London. Mr Cowan, formerly of Bolton, added that he had no alternative but "to attempt to seek a future abroad."

Mr John Broadley, defending counsel, did not resist the prosecution's application for a bench warrant to be issued for Mr Cowan's arrest.

He had been committed for trial at the crown court by Bow Street magistrates court in August.

Blue Arrow case

THE CASES of the 11 people charged with fraud offences in the Blue Arrow affair have a realistic chance of being transferred to the Crown Court in early March, Guildhall magistrates were told yesterday. The 11 are accused of conspiracy to defraud investors or potential investors in Blue Arrow, which launched an unsuccessful rights issue in 1987.

Brittan scorns Tory 'parish pump' politics

By Tim Dickson in Brussels

SIR Leon Brittan, the senior British Commissioner in Brussels and a former Cabinet minister, yesterday urged Tory MPs at Westminster to develop much closer links with Conservative MEPs.

In a speech which poured scorn on "parish pump" politics and stressed the reality of the European Community's "focal" position in world affairs, Sir Leon gave strong support to the sometimes beleaguered Tory MEPs at Strasbourg.

He praised the "special knowledge and enrichment" which their day-to-day dealings with allies in other member states can bring to the Conservative party back home, and cited the "special feel" which he said they are bound to have for how their German colleagues regard re-unification.

"Similarly," he said, "they know that after 10 years' operation most member states regard the current EMS as a normally-functioning economic tool, not something over which to agonise."

Sir Leon's comments come after a year in which tensions between the Government and Tory MEPs have come increasingly into the open. Feelings ran particularly strongly after last summer's Conservative setback in the Euro elections – a "stumble" which Sir Leon attributed, at least in part, to "inadequate scrutiny of Community legislation at Westminster, and a Party out of step with itself."

He said: "It is less a question of 'on your bike' than realising that the Party at Westminster and the party at Strasbourg are on a 'bicycle made for two.'"

The Community would develop in the way its members saw fit, Sir Leon said. There was "no historical inevitability about moving to a unitary state, or a so called United States of Europe, and we should not be afraid of putting forward our own distinct point of view."

"Continuing and enhancing the progress towards 1992 and beyond is not an alternative to helping Eastern Europe," he said. "It is the best way of giving it practical assistance."

No 10 an oasis of calm for Japan's PM

By Robin Pauley, Asia Editor

MR TOSHIKI KAIFU, the Japanese Prime Minister, discovered an oasis of calm in Britain yesterday after a rough reception in France.

Anglo-Japanese relations have had some stormy moments, particularly over trade and protectionism issues, with Mrs Margaret Thatcher, the Prime Minister, delivering some plain speaking during her visit to Tokyo in September.

But yesterday's talks and lunch at 10 Downing Street were sweetness and light. The only ripple of concern was about Japan's whaling policy. Trade issues were not raised; nor were any other economic issues; nor was the European Community.

Mrs Thatcher made a point of thanking Mr Kaifu for the additional seats granted to *British companies on the* Tokyo stock exchange – one of the issues she had raised with some vigour in September. She also stressed that Japanese investment was welcome in Britain, which she claimed was now the most open market in Europe.

The two leaders agreed that while the Chinese government's behaviour last June when many peaceful demonstrators were massacred by the army was unacceptable, the isolation of China was not beneficial to world peace and stability.

The leaders of two democratic islands at opposite ends of Eurasia agreed to co-operate in helping the countries of Eastern Europe whose basic difficulty would be to start a market economy without the necessary infrastructure or institutions. Both considered the offer of help – of management skills, for example – to be as important as cash aid.

Mrs Thatcher mentioned informally to Mr Kaifu on the way *into lunch that she had* been under some pressure to raise Japan's whaling policy. While stressing that Japan's research whaling was conducted in accordance with the rules of the International Whaling Commission, Mr Kaifu hinted at the prospect of some change of policy, saying quiet talks might be the way to stop international concern.

The tone of the talks could not have been in sharper contrast to Mr Kaifu's experience in Paris where President Mitterrand and Mr Michel Rocard, the Prime Minister, took up Mrs Thatcher's former *cri de guerre*, questioning him about Japan's protectionist closed-market trading policies and about its dumping of goods on the European market.

Alan Harper

Mrs Thatcher and Mr Kaifu yesterday: talk on whales

MPs urge tougher stance on textile trade talks

By John Mason

MPS FROM all parties yesterday called on the Government to take a tougher stand in negotiations on phasing out the Multi Fibre Arrangement (MFA), the agreement which regulates the international textile trade and which supporters claim has helped protect Britain's textile industry against cheap foreign imports.

The MFA is due to be phased out in 1991 in favour of stronger rules applied through the General Agreement on Tariffs and Trade (GATT).

Mr Douglas Henderson, a Labour Trade and Industry spokesman, called on the Government to take the lead in the EC to negotiate for the renewal of the MFA and the tightening of import quotas.

He was supported by Mr Nicholas Winterton, Conservative MP for Macclesfield, who said that the MFA had helped achieve the goals of free and fair trade. GATT rules had too often proved a toothless watchdog, whereas the MFA provided a strong mechanism against trading abuses.

However Mr John Redwood, a junior Trade and Industry Minister, told the Commons that job losses in the UK textile industry in the past showed there was little evidence that the MFA had helped secure employment. He called on the industry to strengthen its competitiveness, productivity, design and innovation.

He said the European Commission was determined that adequate safeguards should be built into any succeeding trading arrangements.

The Consumers' Association yesterday joined the debate calling for the scrapping of the MFA, arguing that it pushed up clothes prices by about 5 per cent a year.

BSB financing includes £450m equity guarantees

By Raymond Snoddy

BRITISH Satellite Broadcasting, the five-channel satellite television venture, is expected to give details on Friday of its £900m financial package that will ensure sustained competition against Mr Rupert Murdoch's Sky Television.

The package, already agreed in principle by four big BSB shareholders – Granada, Pearson (owner of the Financial Times), Chargeurs and Reed International – includes £450m in equity guarantees.

Those include underwriting the proportion of the equity attributable to the smaller shareholders such as Next and Anglia Television, which may decide against investing more in BSB, and that of the largest shareholder – Mr Alan Bond, the Australian businessman.

Mr Bond, fighting to keep his companies out of receivership, will not put any more money into the venture and is now trying to sell his £154m stake. Mr Robert Maxwell, publisher of Mirror Group Newspapers, is interested in acquiring it.

The second half of the package consists of £450m in loan finance being arranged by Barclays Bank.

The creation of such a large financial package for BSB, in addition to the £423m already committed to the venture, is a tacit admission that new shareholders are unlikely to join the venture before its programme service is launched.

It is also designed to increase confidence among the manufacturers of BSB receiving equipment – so that they commit themselves to making large enough quantities – and retailers. A way had also to be found to neutralise the uncertainty created by Mr Bond's difficulties.

Mr Ian Clubb, BSB finance director, was set the task of achieving all those objectives without any further cash being put into the consortium at this stage, although the guarantees will show on balance sheets as liabilities.

The package of guarantees, loans and underwritings, which takes the total financial size of BSB to more than £1.3bn, has already been accepted by the board of one of the "big four" shareholders and the rest are expected to follow next week.

When the process, which virtually amounts to a capital restructuring, is complete the four may each have more than 20 per cent of BSB. That could could cause problems for Granada and Pearson under proposed Government restrictions on cross-media ownership.

Formal completion of the financial package will remove any residual doubts that a period of intense competition will begin in the spring, probably in either the last week of March or the first in April between BSB and Sky.

The BSB business plan assumes break-even within three or four years if there is a relatively swift victory over Mr Murdoch, and – much more realistically – a long haul if there is no such early victory.

Mr Andrew Neil, who will end his stint as executive chairman of Sky this month to give way to Mr Murdoch himself, is scathing about BSB's refinancing plans and its programme launch schedule.

"There is no new money going in. The parent companies are having to shoulder the entire burden," he said.

Mr Neil is a believer in the "supermarket" approach to satellite television – making as many as 30 or 40 channels available for the consumer through the same satellite dish – rather than the five-channel approach of BSB. A second 16-channel Astra satellite is due to be launched towards the end of this year.

Sky, which launched its service in February 1989, is convinced that BSB receiving equipment will not be in the shops in volume until the autumn. "Sky is by and large going to have 1990 to itself," claimed Mr Neil.

"He's going to be very disappointed," commented a BSB executive as the war of words moved towards the real thing.

Judge criticises Iranian oil company over salvage

By Raymond Hughes

AN IRANIAN state oil company was strongly criticised by a High Court judge yesterday for failing to pay $7.36m (£4.43m) to a salvage company which saved nearly 400,000 tonnes of its oil, worth $73.4m, being carried on a ship struck by an Exocet missile in the Gulf in 1985.

Mr Justice Sheen, sitting in the Admiralty Court, deplored the fact that the National Iranian Oil Company – "which appears from its name to reflect the honour of the state" – should conduct its business "in a manner so lacking in principle, honour and justice."

He said it was not too late for the company to discharge its obligations honourably and "avert a stigma which would not only blacken its reputation in the maritime community but also be likely to make professional salvors reluctant to come to its assistance."

Selco had appealed to the Admiralty Court against a decision of a Lloyd's appeal arbitrator, reducing from $850,000 to $350,000 the shipowner's share of the $7.7m salvage reward due to Selco.

The $850,000 awarded by the original arbitrator had included part of the National Iranian Oil Company's liability to Selco, on the ground that the salvor's prospects of getting much from the Iranians were "distinctly poor."

Dismissing the appeal, the judge said that the fact that Selco had not yet recovered a reward from the Iranians could not be a good reason for ordering the vessel's owner to pay $500,000 more than its share.

NEWS IN BRIEF

Scottish agency head to join bank

MR IAIN ROBERTSON, chief executive of the Scottish Development Agency, is to resign and become group finance director of County NatWest, the merchant bank.

He replaces Mr Stephen Clark, who was suspended on full pay in November after being charged with offences connected to the Blue Arrow rights issue.

Mr Robertson is leaving the SDA, which works for the regeneration of the Scottish economy, a few days after a government bill to replace it with Scottish Enterprise, a private sector-led body, had its second reading in the House of Commons.

No successor has been named for Mr Robertson, 44, whose date of leaving the agency has yet to be agreed. He became SDA chief executive in September 1987.

Mr Robertson said yesterday that uncertainty associated with the transition to Scottish Enterprise had played no part in his decision to leave, and the move to County NatWest "fulfilled a long-held career ambition to be involved in the financial services industry."

Yesterday Mr Malcolm Rifkind, Scottish Secretary, named Sir David Nickson, the current chairman of the SDA, as chairman designate of Scottish Enterprise.

Firm suspended

FIMBRA, the Financial Intermediaries, Managers and Brokers Regulatory Association, has ordered C.P.McNabb & Co of Armagh to cease investment business. No reason was given.

The firm is also barred from handling any of its assets without Fimbra's consent. This includes the drawing of cheques on bank accounts.

The sole director of the company is Mr Patrick Russell.

Fimbra yesterday asked the firm's clients to write to Fimbra, addressing their letters to Mr Graham James.

Bomb case pledge

MR DAVID Waddington, the Home Secretary, promised yesterday that he would order a fresh investigation into the case of the six men convicted for the 1974 Birmingham pub bombings if new material being studied by the Home Office justified it. He hoped to make a decision "fairly quickly."

Pressure has been growing on the Home Office to reopen the case since the release of the Guildford Four in October.

Virgin's ITV plan

MR RICHARD Branson's Virgin group plans to apply for at least two broadcasting licences in the south of England when ITV franchises are put out to competitive tender.

Mr Charles Levison, managing director of Virgin Broadcasting, told a University of Sussex conference yesterday that the company would lobby against the Government's tender proposals.

Bus operator cleared

KINGSTON UPON HULL City Transport has been cleared of complaints by a rival bus operator that it broke competition legislation in its operation of some bus routes, the Office of Fair Trading said yesterday.

UK NEWS — EMPLOYMENT

Ford workers may hold unofficial strikes over offer

By Fiona Thompson, Labour Staff

WORKERS at Ford Motor Company are likely to take unofficial action at three plants next week in protest at the company's 10.2 per cent pay offer.

A mass meeting of 400 mechanical maintenance craftsmen is due to take place this morning at Ford's Halewood plant on Merseyside where staff will discuss starting an indefinite unofficial strike on Monday.

Four thousand workers at the Dagenham plant in Essex are to hold a mass assembly plant meeting on Monday and are expected to call for a 24-hour "day of action" strike on Wednesday.

Shop stewards at the Bridgend engine plant in South Wales yesterday voted to hold a similar 24-hour stoppage. that day. Meetings are also planned for at other plants.

Union leaders representing Ford's 31,800 manual workers rejected the revised pay offer after 11 hours of talks last Wednesday. But they held back from calling a strike in spite of having a mandate for action with an 81 per cent ballot in favour of a strike.

This mandate runs out on Wednesday, but the union leaders have said they are ready to call a fresh ballot if the company does not improve its offer at talks planned for that day.

The unofficial stoppages have been planned to coincide with the fresh talks in a bid to put extra pressure on the company to put a better offer on the table.

Ford said yesterday it would deplore any unofficial action. "We had assurances from the trade unions that there would be no strike action until the outcome of next week's meeting," said a spokesman for the company.

Union leaders said the workforce did not believe the 10.2 per cent offer fully rewarded the contribution that hourly paid workers had made to the company's very healthy state.

Ambulance leaders urge continued cover

By Fiona Thompson, Labour Staff

AMBULANCE union leaders were maintaining yesterday that the strike action being taken by two ambulance stations in West Sussex did not indicate growing grassroots pressure for more militant action in the 17-week long pay dispute.

Crews at East Grinstead have said they will remain on indefinite strike until their next meeting on Monday and staff at Crawley voted yesterday to stay out on strike, but said they would answer emergency calls coming directly from the public or doctors.

Mr Roger Poole, chief trade union negotiator, said he was obviously concerned about the situation but understood the frustration felt by the crews.

He had telephoned the Crawley workers and urged them to maintain emergency cover and said he was pleased that they had modified their position.

Mr David Hook, deputy chief ambulance officer for West Sussex, said he was disappointed by the situation. "The public has been cheated out of a first class ambulance service," he said.

The ambulance unions yesterday lost their court battle challenging an injunction granted to Oxfordshire health authority preventing crews setting up their own service.

The two sides agreed a clarification of part of the injunction, granted on Wednesday, to allow crews to respond to emergencies in certain circumstances without being in contempt of court.

Building an image: teaching children about construction

£2.5m project to teach construction in schools

By Lisa Wood, Labour Staff

UNSKILLED "cowboy" workers, knee-deep in mud on lethal building sites — that's the popular image of the construction industry.

It is an unflattering portrait that the building industry is seeking to demolish at a time when it vying with other employers to recruit from a diminishing pool of young people.

To this end, the Construction Industry Training Board, the biggest managing agent for the Government's Youth Training Scheme,
wants to establish 50 curriculum centres to give school children practical learning experiences in construction and technology.

Some £2.5m has been pledged to the project — with £50,000 "pump-priming" to each local education authority wanting to set up a centre.

The support of the construction industry itself is critical to the enterprise — at a time when local authorities are heavily circumscribed on their education spending.

The experience of the Barnet Curriculum Centres — the model for the proposed CITB centres — demonstrates that industry support, as distinct from that of the CITB — may not be easily secured.

"You do not know how difficult it is to get through to people in industry," said Mr Alan Fensome, head of the Barnet Curriculum Centres, the only local authority-funded centres in Britain offering vocational education in building and motor vehicle studies to school children.

Here, about 800 children drawn from 17 schools in the borough, learn through practical instruction about the two industries. For half a day a week, for up to two years, children study for qualifications including the GCSE in Building Studies.

The future of the two centres however is in jeopardy because under the School Reform Act pooled resources could be at risk. At present the Curriculum Centres, for example, are paid for by the local authority. But in three years time Barnet will have to decide whether to take away central funding and allow its schools the right to "buy-in" the resource.

Mr John Bailey, Barnet's deputy director of Education said:" This makes the future of the Centres and their ability to plan, less secure. Many parents may demand a more traditional curriculum for their children."

Mr Fensome, in a bid to secure the financial future of his Centres, wrote to more than 150 companies asking for their financial support to an enterprise, which he said, gave children a sound introduction to their industry.

Personnel directors have expressed interest from about 10 construction companies — including the Costain Group, Taylor Woodrow and John Laing Construction — but so far no cash has been formally pledged. One problem is that training in schools is not a high priority among many senior executives.

Some companies are, however, moving in this direction. Mr William Wesson, education liaison officer at Costain, the construction, property and mining group, said his own board had just backed a policy statement that the group needed to be more involved in education, in order to upgrade the image of the industry generally, rather than only specifically targeting certain schools with corporate videos.

Mr Wesson said: " A lot of companies just go into schools to make a hard sell. In the long term that does not work. Companies need a more visionary approach — and be involved in projects like Barnet and the other curriculum centres — could upgrade the image of the industry generally."

More than a wing and a prayer at the factory gate

The pickets outside the BAe plant at Chester are in a buoyant mood, as Ian Hamilton Fazey found

THERE WAS no mistaking the upbeat mood of the pickets outside the main gate of British Aerospace's factory at Broughton, near Chester, where the wings for the European Airbus are produced.

Strained solidarity might have been understandable, given that their strike pay has recently been cut from £150 to £85 a week. But the 11-week strike is beginning to bite and the Broughton pickets could barely restrain their exultation.

The strike is part of a campaign of selective action for a shorter working week in the engineering industry.

Production of the airbus is being stopped throughout the Continent because of the action at Broughton. The Airbus Industrie consortium, in which BAe is a partner, is threatening severe financial penalties for non-delivery of the wings.

The Broughton pickets believe that management must start talking, since stocks of airbus parts have run out.

"The airbus cannot fly without wings and the supply has now dried up. We have shown that when this place stops, the rest of Europe eventually stops," said Mr Peter Walker, a fitter and senior shop steward for the Amalgamated Engineering Union at Broughton.

"After 11 weeks on strike if anybody was beginning to have doubts about the wisdom of continuing they have none now. The Airbus Industrie statement came at a very good time for us."

There are 2,600 men on strike at Broughton. Only 12 manual workers have broken ranks, Mr Walker said.

The strike has remained solid because morale in the factory was low, according to Mr Ian Hill, a Transport and General Workers shop steward, who works as a trimmer on the highly successful BAe 125 executive jet, which is made in its entirety at Broughton.

Basic pay is £193 a week for skilled workers, £176 for the semi-skilled, and £154 for ancillary workers.

"Compared with our counterparts in Europe, we get half wages for longer hours. We want the same hours as in Europe. Management have just had a 22 per cent pay rise. They offered us 4.5 per cent . . . people are bitter," Mr Hill said.

Mr Dave Harrold a crane driver and storekeeper, said: "We have given them everything they ever wanted. They have never had a wing out of here that's been late. They asked for our help in cutting costs by one-third in five years. We did it in two-and-a-half years and got nothing."

The strikers believe that pressure from customers facing delayed delivery of BAe 125 executive jets is also going to tell. "It has taken 30 years to develop leadership of this market. It will take about three months to lose it. This must worry management," said Mr Ron Still, a fitter and finisher in the TGWU.

British Aerospace refused to comment yesterday, but the strikers believe they see signs of a softening in the management's position.

Mr Walker said: "When we came out they said they would not take a minute off the working week. Now they are saying that they will talk about a reduction in hours if we can discuss productivity, but only if we go back first.

"Well we're not going back until we are sure of what we have won. We didn't think it would take this long, but we have been out for 11 weeks and the management is now in trouble. We will talk to them any time but with our pickets still on their gates."

As he spoke a discarded Christmas tree was thrust into the traditional brazier.

The only voice to be heard came from a van that serves as a mobile picket headquarters and field kitchen.

Tea was up, it announced. "We may well be the best-fed pickets in Britain," Mr Hill said.

"We can stay here for a long time yet."

NOT EVERYONE is waiting to see which way the British Aerospace strike goes before settling for a shorter working week. A further batch of smaller companies that have, according to the AEU engineering union, reached agreement on shorter working hours, was named yesterday, writes Diane Summers.

The companies include GKN Axles, Salisbury Division; A. Fielding (Keighley); Washington Precision Engineers; Strathclyde Fabricators; Bolton Crucible Steel; and Vetco Gray Offshore, of Aberdeen.

Another eight companies, where it was said shorter working had been accepted were named earlier in the week by the Confederation of Shipbuilding and Engineering Unions.

Settlements were reached earlier in the campaign at NEI-Parsons in Newcastle upon Tyne; Smiths Industries at Cheltenham; and Rolls-Royce at Hillington, Glasgow. BAe is currently the only company affected by strikes over the issue.

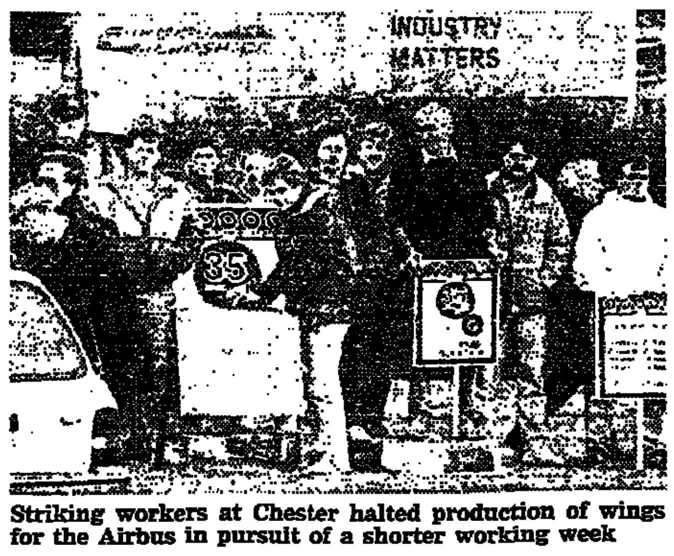
Behind the scenes it is believed that managements among a second tranche of companies selected by the campaign, are in discussion or are nearing agreement on reducing hours.

Union leaders were yesterday emphasising that campaign efforts will continue to focus on BAe until the dispute is resolved. Mr Bill Jordan, president of the AEU engineering union, said that full-time officials would carry on the campaign until the BAe dispute was settled.

Internal discussion about tactics continue, however. At a strategy committee on Tuesday the campaign may well be considered too BAe-centred.

Much of the argument will revolve around money. Strikers are currently being paid £85 a week out of a levy of one hour's pay being raised throughout the industry, or £4 per person each week.

Will workers be content to pay, accepting that BAe is the campaign's frontline or will they become increasingly impatient as they await the strike's outcome?



Striking workers at Chester halted production of wings for the Airbus in pursuit of a shorter working week

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A country retreat

AT SOME POINT in the course of his weekend at Chevening, the Chancellor of the Exchequer will wonder whether he can find an excuse to postpone his first budget (which is also the first to be presented on television) for a year. By that simple stroke, Mr Major would avoid presenting another version of the medium term financial strategy in which few now believe; he would not have to present forecasts for the economy in the knowledge that the Treasury's recent efforts have fully justified his predecessor's scepticism; last but not least, he would not have to disappoint those hoping for the radical tax reforms that he is unlikely to introduce.

From the macroeconomic point of view at least, a budget that contained no MTFS, no changes in taxation (beyond the simple indexation of allowances) and no forecasts would be perfectly acceptable. Masterly inactivity would not merely deflate one of the peculiar rituals of British parliamentary life, but could allow the revolutionary step of preparing the next properly articulated budget at the same time as plans for public expenditure.

Mr Major is too cautious a man and too ambitious a politician to try anything so out of the way. Yet the alternative of going through the motions will be difficult. Broadly speaking, he faces three challenges: to present a credible MTFS; to construct a sensible fiscal policy; and to introduce tax reforms that are helpful economically, without costing tax revenue overall.

Targets overshot

Start with the MTFS. For several years all the principal targets – for money gross domestic product, for money and for the public sector borrowing requirement (debt repayment) – have been overshot. Those for the first two will probably overshoot yet again this year, though the PSDR is likely to end up lower than the £14bn forecast.

The main problem has been in monetary policy. The Chancellor needs to present monetary indicators (including the exchange rate) and monetary policies that reinforce his counter-inflationary credibility. If he is unable to do this, it would be just as useful to print, instead, the lapidary phrase: "the policy of the Government is to bear down on inflation."

Mr Nigel Lawson was foolishly and unjustly criticised for being a "one club" golfer. This was untrue, as anyone who looks at the development of the Government's fiscal position can see. In any case, over recent years credit growth has been the dominant economic problem and monetary policy *a fortiori* the main instrument.

Fiscal policy needs to support monetary policy. But a tight fiscal policy is not an alternative to a tight monetary policy; it is a complement to it. If the Chancellor believes that a continuation of the large budget surplus would put him under politically irresistible pressure to cut interest rates at the first signs of distress in the economy, then he should cut taxes, instead. It would be far better to cut taxes prematurely than to cut interest rates prematurely.

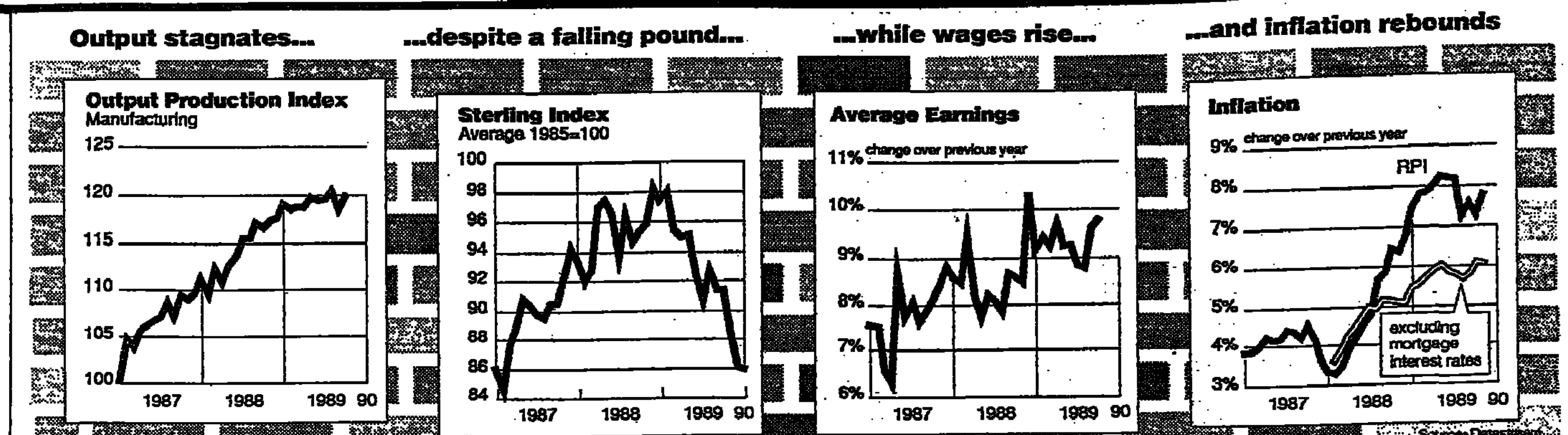
Fiscal reform

What then can the Chancellor do about fiscal reform? Whatever happens, the ceiling for mortgage interest rates must not be raised. This would be the worst possible way to give away revenue. The Chancellor should be looking for simple ways to raise it, instead. An assault on perks and benefits in kind would be desirable, starting with company cars and proceeding to the extension of national insurance contributions to benefits in kind.

If Mr Major has the courage for serious radicalism, three areas cry out for treatment. The first is the taxation of savings, which remains a mess. The second is the hole in the British tax system left by the disappearance of rates. The UK may even be unable to remain within the European Monetary System, without a tax that lowers the risk of a property-fuelled economic expansion, if interest rates are driven down again, as they were in 1988. Property taxes are the obvious solution.

Last but not least, there is the effect of inflation on taxation of corporations. The 1984 reform was predicated on a determined effort to lower inflation. With inflation at current levels, a tax that makes no allowance for inflation will impose a very large disincentive to invest. While the Government will be understandably unwilling to do anything that makes the life of businessmen easier right now, the present Corporation Tax will prove immensely damaging if inflation continues.

Inflation is, indeed, the thread that runs through almost all the Chancellor's problems. Its resurgence is immensely depressing and will take some time to reverse. The question is whether the Government will have the stomach for the fight. A country retreat is very pleasant, but too soon for comfort the Chancellor will be on the battlefield once more.



Peter Norman examines the preparations for John Major's first Budget

Reading the writing on the wall

During his brief spell at the Foreign Office, Mr John Major, the Chancellor, never had a chance to enjoy the delights of Chevening, the Foreign Secretary's grace and favour country home.

Now that he has managed to get there, in the company of Treasury ministers, senior officials and wives for the traditional January discussion of the forthcoming Budget, his weekend has been blighted. The old bogey – pay – has reared its ugly head.

This week's rejection by the Ford unions of a 10.2 per cent pay offer has raised significantly the stakes riding on Mr Major's first Budget in March. Reality in the shape of a greatly increased inflationary threat has caught up with the Chancellor's oft repeated rhetoric over the need to "bring inflation decisively down and keep it down."

As Mr Major and his officials toil away in purdah – the period of pre-Budget preparation starting today in which they eschew all contact with the press – expectations of Government action to correct the economy will mount.

But as Mr Major ponders the problems of the economy in the delights of the Kent countryside, he has two main difficulties.

With Budget Day – March 20 is currently the hot tip – a good two months away, the state of the economy is as uncertain as ever with the latest economic indicators throwing up conflicting signals.

Yet the capacity of the Government to influence economic developments directly through the Budget has been greatly reduced, in part because of structural changes that have taken place in Britain over the past 10 years.

There are plenty of indicators to suggest that the economy has been losing momentum in recent months in line with the Government's strategy for squeezing out excess demand. The July to September figures for gross domestic product showed that growth in the non-oil economy was virtually flat for the third quarter in succession. The estimated underlying growth rate of manufacturing output fell to 3 per cent in October, the latest available month, from 7 per cent a year ago.

Until the end of last year, retail sales appeared to be slowing sharply under the impact of 15 per cent base rates. But later anecdotal evidence has suggested that consumer confidence has been stronger than first thought. Some retailers have reported better than expected Christmas trade and good demand in the January sales while official figures last week revised upwards November data that had showed a considerable sales drop.

A return to strong growth in M0, the indicator of narrow money targeted by the Treasury, has rattled officials. City analysts believe M0 could grow at an annual rate of more than 6 per cent in December compared with the target range of 1 to 5 per cent. "M0 is saying that interest rates should go up," one official said yesterday.

Symptomatic of the confusion are rapidly shifting politico-economic concerns. Less than a month ago, the City was fearful of poor monthly current account balance of payment figures at the end of December. As it happened, the deficit in November declined for the fourth month in a row, helping to fuel a short lived bout of euphoria at New Year as markets took heart from forecasts pointing to a "soft landing" for the economy. Over the past week, doom and gloom has returned with the upwards spiral in pay claims.

The trade union rejection of the 10.2 per cent pay offer at Ford, the long running ambulance dispute and the sight of a free market prime minister warning against excessive pay deals have inevitably raised the spectre of the late 1970s and early 1980s when a wage-price spiral was followed by deep recession.

Until the surge in pay claims – the Ford unions' action was quickly followed by a 14 per cent claim on behalf of 750,000 local government white collar staff – all the signs were pointing to a very dull 1990 Budget. Officials would point out that the Government's policies of a tight monetary and fiscal policy were in place. Despite stubbornly high inflation of 7.7 per cent, the answer was to wait and see what happened.

The chances are that this will continue to be the Government line, at least until it has an idea of how the employers respond to the current crop of wage demands. If, in the light of that reaction, the judgment is that inflationary pressures have risen, both the Chancellor and Mr Robin Leigh-Pemberton, the Governor of the Bank of England, have made clear that the first response would probably be a further raising of interest rates.

One side effect of the tax cuts, reduced public spending, privatisation and deregulation of financial markets during the Thatcher decade has been a marked decline in the Chancellor's capacity directly to influence demand in the economy.

For example, it has been suggested that he might decide against raising the personal income tax allowances in line with inflation in the Budget to curb demand. But assuming a 7.5 per cent inflation rate in March, this back-door method of increasing income tax would yield only £1.35bn in a £500bn economy.

At the same time, the ability of the Government to improve the supply side of the economy through the Budget is constrained by Britain's deep-seated inflationary problem.

Government officials admit that high interest rates mean hard times ahead for industry and especially those companies which depend on the domestic market. But while tax breaks for industry might appear a sensible way of offsetting the interest rate burden, the Treasury is inclined to veto concessions because it knows they are likely to be translated into potentially inflationary wage settlements.

This will be the first Budget to be televised live, making presentation a more important consideration than before

But if the direct impact of the Budget is relatively small its psychological impact can be great.

With hindsight, one of Mr Lawson's mistakes in 1988 was not the £4bn in income tax cuts that year but his apparent lack of awareness of how this would act on the "animal spirits" of the British people. Buoyed by the tax reform, the sense of prosperity that followed the 1987 election and sharply rising house prices, the consumer went on a £55bn borrowing binge and has yet fully to experience the hangover.

Mr Major can be expected to be more aware of the psychological potential of this year's Budget. It will be the first Budget to be televised live, making presentation a more important consideration than before.

It also will come at a potentially important point in the electoral cycle. The next election has to be held by the middle of 1992 at the latest. Although mid-term Budgets are often dull they frequently turn out to have set important political developments in train.

This could be especially important if Mr Major harbours the political ambition that commentators attribute to him. Unlike Mr Lawson, whose ambition was always to become Chancellor, Mr Major is thought to have his eye on higher things. In the FT New Year interview, he adopted an almost prime ministerial tone when announcing that he wanted people "to realise their full potential, irrespective of their class, sex, colour or creed."

As Mr Major spends this weekend with his ministerial team and an élite squad of senior Treasury officials, he will be subject to conflicting pressures. There have been rumblings of discontent in the Treasury that existing policies might not be tight enough.

But as a politician, he is aware that the present high interest rate policy is causing deep distress among heavily mortgaged Conservative voters.

Perhaps for this reason, he has appeared to err on the side of the sanguine since moving to the Treasury. Before the Ford pay developments, Mr Major expressed some confidence that inflation had peaked. He told Wednesday's meeting of Neddy, the National Economic Development Council, that Britain's "underlying inflation rate appeared to have stabilised."

Despite the strong anti-inflationary rhetoric since becoming Chancellor, Mr Major, when faced with choices, has tended to take the less rigorous option.

He has been reluctant to raise interest rates.

He has been more tolerant of a fall in the sterling exchange rate than Mr Lawson probably would have been, using the argument that the pound's weakness at the end of 1989 reflected exceptional D-mark strength. This stance has since been rewarded by sterling's recovery this month.

He also appeared to take a softer tone on pay developments than his predecessor. Talking after the Neddy meeting, he said: "The point about very high pay settlements is not whether they are plus or minus the current level of the retail prices index, that really ought to be irrelevant." Only then did he warn that companies paying pay wage and salary increases above the rate of productivity, "will firstly fuel inflation, and secondly they are likely to cost jobs."

Such decisions and statements may just mark a change in style or simply that he still on a steep learning curve. It is, however, one of the ironies of pre-Budget purdah that he will not be able to change his tone until he finally emerges in March from Number 11 Downing Street with Mr Gladstone's battered red budget box.

While maintaining strict silence on the likely contents of the Budget, Mr Major has given various clues as to what not to expect. In the New Year FT interview, he implied that a "Budget for savers" was unlikely.

He appeared equally unsympathetic to pressure for a revision of the corporation tax system to shield companies from increased taxes caused by inflation.

He also appeared to rule out any radical move such as an increase in tax rates to steer the economy.

If one thing is certain this weekend, it is that the final shape of the Budget will not be decided until much closer to Budget day. Then the Chancellor will have a better idea whether the economy is flat on its back or still showing unwelcome resilience.

But Mr Major's options already look fairly narrow. If by March the Chancellor decides that action is needed to slow the economy further or subtract demand granted in wage increases, it is unlikely that he will raise indirect taxes because that would add to inflation. He could choose to raise some taxes on environmental grounds as well as refrain from indexing allowances. A further paring of the company car perk could be justified as a "green" measure.

Yet to have any hope of resuming a programme of tax cuts before the election, this year's Budget will have to be seen in retrospect as having marked a decisive break in inflation.

Not so long ago, Mr Peter Lilley, the Financial Secretary to the Treasury, proposed, only half in jest, that Britain should skip having a budget this year.

Mrs Thatcher, to whom the suggestion was made, pondered a moment before replying with all the authority of the First Lord of the Treasury that a budget was constitutionally necessary for the Government to conduct its finances.

Until the escalation of the pay problem this week, Mr Lilley's idea appeared to have considerable merit. As it is, the medium may be as important as the message when Britain's first televised Budget is finally unveiled.

MAN IN THE NEWS

Peter Brooke

Viceroy tested as he feels his way

By Ralph Atkins

IN 1966 a London-born businessman travelled with his wife to County Caven in the Republic of Ireland, seeking the home his ancestors had left in the 1770s. His wife stopped an elderly resident who, without prompting, turned to her husband and said: "You must be one of the Brookes."

The Right Honourable, Mr Peter Brooke, Northern Ireland secretary, is still easily recognisable. His animated eyebrows, courtesy and gracious mannerisms of the country gent have won him respect, if not affection, that has propelled him through his career.

He dislikes being dubbed the "viceroy of Northern Ireland" but the description is apt. A distinguished ancestry fits well with a job which is part-representative, part-administrator and part-visionary.

It is the latter role he finds most testing. Brooke, his colleagues say, is not ignorant, but nor is he the great thinker. This week he set out, as all Northern Ireland secretaries must, to feel a way towards peace in a troubled province.

Businessmen in the resort of Bangor, expecting clues on a possible out-of-town development, were taken by surprise by a carefully-worded call for talks by local politicians.

The speech was typically Brooke – relying heavily on the civil servants' brief but spiced with *bons mots* from a concerned viceroy. The bulk came from past comments or previous Government statements. What made it stand out was the hope that there was now "enough common ground" to make worthwhile talks on a devolved administration.

To call it an initiative is going too far. It is now up to Northern Ireland's politicians to react. And Brooke is a one-step-at-a-time politician.

"It is much too premature to be starting to talk in detail about where we might eventually get to," he says. "Either we will be able to move beyond the stone we are now on, or we won't."

The problem he faces is immense. For 20 years there has been no end to the killings in Northern Ireland. Anger still runs deep in both nationalist and loyalist communities. If Brooke is an unlikely figurehead, he is also unlikely to be a Secretary of State who makes more than a small step towards bridging the divide.

The immediate success he has had is in correcting the "babbling Brooke" image. In a now infamous interview 100 days after his appointment in July, he implied a military defeat of the IRA was impossible and that the Government would talk to Sinn Fein, the terrorists' political wing, if it renounced violence.

Brooke says he was misquoted and, in fairness, his actual words have to be stretched to bear the meaning some have attached to them. The mistake lay in the tactics. Northern Ireland ministers, he learned quickly, must stick to the official phrase-book if they are not to offend sensibilities.

If Brooke is no philosopher, his Bangor speech displayed a charm and diplomacy that lay behind the 100 days "gaffe" – and could prove his greatest strength.

In his various jobs, junior officials delayed for meetings because of difficulties at the airport have been embarrassed at his concern about their troubles. Others despair at his grace towards journalists with the potential to derail him.

But his personality and widely-acknowledged business-like efficiency make him well suited to act as a go-between. The speech was interpreted by Unionists as a softening of the Government's determination to uphold the Anglo-Irish Agreement, the four-year-old pact which gives Ireland a role in the affairs of the province.

In fact, he merely repeated that the Agreement was not written in stone. The trick was in conveying a conciliatory tone that has sparked hopes of real movement.

Born in 1934, Brooke's education was first at Marlborough and then Balliol College, Oxford where he was the President of the Union in 1957. He says "the backwash of Westminster" has flowed across the breakfast table all his life. His father, the late Lord Brooke of Cumnor was Home Secretary at a time when the department was also responsible for Northern Ireland. His mother, Baroness Brooke of Ystradfellte, was the longest serving woman vice-president of the Conservative party.

Brooke's ancestors can been traced back to three brothers who left Cheshire for Ireland in the 17th century. The family motto (although Brooke is not sure of his Latin) is *ex fonte perenni*. The rough translation, "from a perpetual spring," is a play on his surname. Brooke has three sons. His wife, Joan, died in 1985

Life before politics was, unfortunately for those seeking aristocratic roots, not in game-hunting but head-hunting. He claims to be the first to bring the American concept of executive search to Britain when he worked for Spencer Stuart Associates, the management consultants, early in the 1960s.

In first forays into politics, he won the lowest Conservative vote ever in Labour leader's Neil Kinnock's constituency of Bedwellty and served briefly on the London borough of Camden. He entered parliament finally in 1977 as the member for City of London and Westminster South.

More than most politicians, Brooke can reasonably claim his progress through Government ranks has not been driven by fierce ambition. He started as a Government whip in 1979, rising on an unplanned path through the Education Department and Treasury to reach Chairman of the Conservative Party in 1987.

Parliamentary performances lack flair but he has sometimes failed to match his reputation as the House of Commons' most boring speaker. Although famous for his use of metaphors, particularly on cricket, he disappointed in a 45-minute Financial Times interview by avoiding all references to his sticky wicket, googlies or score so far. In the politician spectrum he is not an obvious lieutenant of the Prime Minister but is useful and respectful.

The Northern Ireland post is seldom envied by Cabinet colleagues. It offers little scope for solid progress and requires round-the-clock security.

If talks get going it will require perseverance as well as good humour to push the process of reconciliation onwards. This week Brooke – a benign and self-deprecating ruler – has raised the hopes of some to a slightly higher plane. To expect very much more may be unrealistic. But even if the successes are limited he will be remembered, not just in County Caven, but at the Northern Ireland Office too.

Messing about in boats

The rich are buying ever more powerful leisure craft, say David Churchill and Nick Garnett

For a cool million pounds or so, the Italian design and engineering of the Riva 32 power boat means it is unlikely to be short of customers. The boat, on show at London's International Boat Show, is already believed to have orders stretching into next year and beyond.

Its sleek lines and powerful Ferrari engines are bound to attract the same sort of top industrialists, heads of state (such as King Hussein of Jordan) and international celebrities (Sean Connery, Rod Stewart and others), who have bought Riva boats in the past.

It also attracted the Vickers engineering company which earlier this week splashed out £9.1m for a controlling stake in top Italian power boat manufacturer Cantieri Riva in addition to its Rolls Royce car division. Vickers' aim is to corner the top end of the luxury market: "People who buy a Rolls from us are just the sort of people who want the top power boat and are prepared to pay for excellence," says Vickers.

But Britons are not really the prime market for Vickers. Rather, the targets are those wealthy Americans, continental Europeans and Japanese for whom money is no object. For them, buying a Bentley or a Ferrari is all in an afternoon's shopping. Sliding out their Gucci wallets to purchase a power boat costing several hundred thousand pounds causes no loss of sleep, so long as the boat reflects their wealth and longing for status.

Even so, there are still some Britons who can compete with the most conspicuous of these overseas consumers in buying luxury boats. While high interest rates and general economic uncertainty has clearly weakened demand at the bottom end of the market, manufacturers of luxury boats exhibiting at Earl's Court have been "very cheered" by the strength of demand, says Paul Wagstaffe, chief executive of the British Marine Industries Federation which organises the show.

"The actual number of ordinary visitors to the show will probably be slightly down by the time it closes tomorrow," he says. "But our members report that demand remains high, especially at the top end of the market and from overseas."

The industry is buoyed by having had a strong year behind it in the UK: the record amount of sunshine encouraged people to take to the water as never before, helping all sectors – builders, chandlers, brokers, marinas, and clothing retailers – to what for many was their best year.

Boating is by no means a minority leisure pursuit. Market researchers Leisure Consultants estimate the number of adults taking part in boating activities last year in the UK at 2.5m, split between 1.5m who sail and 1m who take part in power boating. By 1996 it expects the total to top 3m.

Annual worldwide sales of power boats have reached 200,000, with a great surge in demand for expensive models in Europe. By contrast, the US market contracted by 15 per cent last year after 10 years of growth. This has hit big US power boat yards like Bayline, Wellcraft and Sea Ray. It has also hurt the 35 boat yards in Taiwan which export all of their yearly output of 15,000 pleasure craft, mainly to the US and Australia.

A more buoyant UK market was worth an estimated £430m last year, up from about £390m in 1988. The boating business, however, is short of accurate statistics which makes its true size and growth rate difficult to calculate and annoying for marketers and investors alike.

It was the industry's export performance, however, which provided the buoyancy: exports in the first half of last year were just over £92m, compared with £80m in the first six months of 1988. British boatbuilders such as Sunseeker International, makers of luxury power boats in Poole, Dorset, have already won two Queen's Awards for exports. The company says it sees prospects as good, especially for its new range of 60-foot power boats costing £500,000 each, and is investing £3m in development and equipment over the next two years.

Such investment is now recognised by the UK industry as essential in the competition with the best from overseas. British boatbuilders have come a long way over the last decade in improving design and technology which had previously left them looking vulnerable to their overseas counterparts. Now companies such as Marine Projects, one of the UK's largest builders of both sailing and power boats with sales last year of £55m can effectively compete in both size and resources with continental companies such as Beneteau of France, with a turnover of £80m.

Competition in the 1990s, however, will be firmly centred on three clear trends in the international marketplace: power, speed, and size. "It's all a matter of status," points out Leif Strand, vice-president of marine marketing for Volvo Penta, one of the largest suppliers of engines to the European market.

Increasingly over the past decade, international consumers who have seen their disposable income rise sharply have been looking for boats that reflect their status. The rich in Europe have got richer and want boats with the size and power to show off that wealth. In the past five years, Caterpillar, the US manufacturer of big marine engines, has nearly quadrupled its European sales.

At the same time the trend in the 1980s has been that traditional power boat owners almost always go up-market in cost and power when they change their boats. The thirst for power has, not surprisingly, led to power boats surging ahead in popularity in recent years while sailing boats have cruised more gently in their wake in terms of growth. Most in the industry expect this pattern to continue in the 1990s.

Jeff Anderson, senior marine consultant at Caterpillar, says that the trend is reflected in an increase in boat size from 30 to 40 feet in length to 40 to 50 feet. "Many of the yacht yards are now talking about 54 to 65 feet length boats which will mean changing some of their yard equipment," he says.

Trevor Humphries

Attractions of the sea at the Earl's Court International Show

Bigger boats mean more powerful engines and developments such as the use of intercoolers which allow engines to have much bigger turbo-chargers. There is also a trend towards more streamlined planing hulls for greater speed.

Yet bigger boats have also much to do with enhanced consumer requirements. Some boats, for example, have been fitted with an on-board jacuzzi, while central heating is now a popular requirement. European boatbuilders in particular are conscious of the need to provide more luxurious facilities, for practical as well as status reasons. "Europeans tend to like to spend a night or two at sea which means they need larger and better-fitted interiors," points out Strand.

Technology, moreover, has helped the trend towards biggest boats. Developments such as power-steering, computer-designed sails, and satellite navigation aids have all made it easier for the sailor to handle and enjoy larger boats.

But size has its own problems. Finding somewhere to moor or berth a boat is likely to be one of the biggest headaches for the boating enthusiast in the 1990s. "Available marinas and moorings are failing to meet demand at all levels and the disparity between the number of boats and the moorings available seems to be increasing," says William Martin from Leisure Consultants.

Boat builders, however, hope that new purpose-built marinas and moorings on the east and west coasts of the UK will help relieve pressure on the south coast where a new mooring on the Hamble, for example, could cost up to £8,000 a year in fees.

Where the industry does see some choppy waters ahead is in the fear that over-capacity in the US market could lead to boats being "dumped" on the European markets.

These fears are partially offset by the significant potential now being perceived for the Japanese market: a delegation of British boatbuilders is visiting Japan shortly to assess the market. Japan has little power boat building industry of its own and is not at present expected to develop one.

Yet for all the trend towards size, status, and power in the boat world, for many people simply messing about in boats is just fun. The industry is trying to encourage families to take up boating by sponsoring special "try-a-boat" events on rivers and reservoirs. It is especially looking to the over-50s, or "grey" market, to become more interested in boating as a sport as it has the time and money to take part.

A cautionary 'Z' on Gorbachev's zeal

Lionel Barber examines scepticism about the Soviet leader among conservatives in Washington, including one with a mysterious pseudonym

The New Year in Washington began with "Z", the provocative pseudonym chosen by an undercover Sovietologist to revive debate over US policy toward President Mikhail Gorbachev.

In an article in the New York Times, the author, whom some suspect is a senior Bush administration official, argued strongly against helping Mr Gorbachev during his present troubles. Western aid to save or improve the Soviet system would be futile because "on this score, Mr Gorbachev is beyond our help."

These views were hardly new. Conservatives ranging from Vice President Dan Quayle to Mr Richard Cheney, Defence Secretary, have cast doubt on Mr Gorbachev's survival prospects. The difference this time lies in timing and the way the Times played up the mystery of "Z" (whose pseudonym evoked memories of the landmark 1947 article in Foreign Affairs by George Kennan and signed "X" to hide his State Department background).

There is a sense in Washington that Mr Gorbachev's reform effort may be approaching a watershed. With nationalist unrest growing and pessimism about the Soviet economy increasing, the commentators, "Z" included, are posing unnerving questions: what if the Soviet leader cracks down on his opponents? What is the appropriate US response? What if Mr Gorbachev himself were unseated?

The sense of impending doom may be overdone, a reaction perhaps to the wave of enthusiasm which led publications to nominate Mr Gorbachev as Man of the Decade. But it has led to a renewed assault by the sceptics on Mr Gorbachev, his policies, and the widely held view in Europe that the West has a stake in his survival.

The arguments fall into two categories. The first is that Mr Gorbachev is bound to fail because his reforms are inherently contradictory: they go against the logic of the system which they are trying to save. Perestroika and glasnost are at best half-way house concessions to democracy and the free market. As "Z" warns: "There is no third way between Leninism and the market, between Bolshevism and constitutional government."

The second argument is best articulated by Mr Paul Nitze, the veteran former US arms negotiator and, along with Mr Kennan, one of the original authors of the Post-War "containment" policy aimed at restraining Stalin's expansionism. Writing in the Washington Post this week, Mr Nitze argued that Mr Gorbachev must be measured by his refusal to abandon the leading role of the Communist Party in the Soviet Union.

In his view, Mr Gorbachev's "highest tactical priority is to preserve the Communist Party as a continuing organisation, controlling, if possible, all of the present Soviet Union, but at least the Russian Republic and the Ukraine, if that is all that is possible. He also aims to help Communist parties remain in existence in each of the Warsaw Pact countries despite the political upheavals that have overtaken them."

'There is no third way between Leninism and the market'

Both Mr Nitze and "Z" – whose 50-page analysis appeared in the winter issue of Daedalus, the high-brow magazine of the American Academy of Arts and Sciences – warn the West this is no time to become romantically involved with Mr Gorbachev. If Gorbachev cracks down, says Mr Nitze, "we in the US should not acquiesce in the reimposition of Communist discipline . . . our policy should be one of unambiguous opposition."

The Bush administration has trodden extremely carefully on the question of a crackdown. Mr James Baker, US Secretary of State, has tried to draw a distinction between the Soviet Union's right to sustain law and order in Armenia and Azerbaijan and the repression of legitimate political dissent. In the Baltic states, which the US still maintains were illegally annexed by the Soviet Union in 1940, the issue is doubly delicate.

The problem for Mr Bush is that conservatives believe he sold the pass with his desire to maintain high-level contact with the Chinese communist government, despite its order to the Army to massacre pro-democracy demonstrators in Peking last June.

Yet Mr Bush will not be too upset by the re-emergence of the Gorbachev sceptics. Having made prudence the hallmark of his presidency, Mr Bush likes to surround himself with men such as Mr Robert Gates, Deputy National Security Adviser, who favour caution. (Mr Gates, a former Deputy CIA Director, had a cautious speech on Mr Gorbachev's survival prospect spiked by Mr Baker last year, but he denies he is "Z").

The administration will gain a first-hand assessment of Mr Gorbachev's prospects next month when Mr Baker is due to meet Mr Eduard Shevardnadze, Soviet Foreign Minister, in Moscow. The talks, paving the way for the June summit with Mr Gorbachev in the US, will cover the full range of arms control, regional conflicts and other bilateral issues – and the Baltic states seem certain to be on the agenda too, according to a senior administration official.

Already, there are ideas being floated in Washington about free economic zones in the Baltic operating, say, under International Monetary Fund conditions, perhaps even with a convertible currency linking to neighbouring Scandinavian countries. Such thinking is at a very preliminary stage; but it indicates that the administration does not equate stability with the maintenance of the status quo. "Stability in our lexicon," says the senior official, responding to the sceptics, "means peaceful change."

LETTERS

Privatisation and electricity prices to industry

From Mr John Banham.

Sir, Your report on electricity price increases (January 9) raises again the issue of how far the Government's responsibilities extend in the run-up to privatisation and the first few years beyond it. Clearly the Secretary of State has difficult balances to strike in shaping the contractual arrangements between the area boards and the generators, and between the generators and their main supplier of fuel, British Coal. There has had to be give and take between the industries for which he still has statutory responsibility in making the transition from public direction to competitive markets.

Hard facts are not easy to come by when the large and intensive users try to plan their businesses for the next year or so after April 1. They hope for detailed information soon about the conditions and charges for use of the national grid and area distribution networks, the operation of the power pool and the like. But after reading your report they will remain unclear whether they have to negotiate prices in a constrained market for power, or whether the Department of Energy will effectively decide to put a cap on price increases to consumers.

EUROPEAN COMMUNITY POWER PRICES

	p/kWh	Index (UK=100)
West Germany	3.60	129.03
United Kingdom	2.79	100.00
Belgium	2.47	88.53
Italy	2.44	87.50
Netherlands	2.37	84.95
France	2.09	74.91

Source: Energy Advice, June-December 1989

If the latter is the case, all I can say is that RPI+5 per cent is plainly unacceptable on top of a rise of close to 20 per cent in nominal terms for many large and intensive users over the last two years and does not square with a fall in coal prices in real terms.

If we are to have politically influenced prices for the while until a market for power has a chance to develop, then I urge the officials advising ministers to take note of where the UK stands in the EC league table of power prices for large and intensive users, averaged over the last seven months. Some of our main competitors, at least, seem to be in little doubt that manufacturing matters.

John M.M. Banham,
Director-General CBI,
Centre Point,
103 New Oxford Street, WC1

Banks' earnings: another look at the comparative statistics

From Mr J.D. Ecklin.

Sir, Mr A.B. Wyand (Letters, January 3) refers to "the insurance industry contributing in excess of 50 per cent of the total City invisible earnings in 1988 compared to only 13 per cent for banking." Certainly this appears to be true from the City's invisible earnings table in the Central Statistical Office's "Pink Book" which shows net receipts by insurance at £3,772m compared with only £926m by the banks. However, this table debits the banks with interest payments abroad on borrowings they have incurred on behalf of all their UK customers, including the insurance industry.

The CSO now provides an alternative presentation which allows these interest payments to be excluded. It can therefore be seen that the banks' earnings, on their own behalf, totalled £4,676m in 1988.

J.D. Ecklin,
Head of Statistical Unit,
British Bankers' Association,
10 Lombard Street, EC3

Too, too clever

From Mr Christopher Pierpoint.

Sir, If George ("Basil, meet George", Weekend FT January 6) had been mightily relieved to have made a 2-2, he was cleverer, even then, than Basil realised, because such degrees did not exist at Oxford in the late '50s. George should have added an "e" to Magdalen and gone to the other place.

Christopher Pierpoint,
Ingleby,
Mulbarton Lane,
Flordon, Norfolk

D-Rams at dumped prices

From Mr Richard Bullock.

Sir, Lucy Kellaway reports from Brussels (January 8) that the European Community is likely to agree anti-dumping undertakings with Japanese D-Ram producers and says "the decision will be a blow to European chip users who fear that any price increase would add to their costs and make them less competitive."

Since, as pointed out later in the report, the undertakings will *not* lead to price increases (unless and until there is a resumption of illegal dumping), the reason for the users' concern is unclear, unless it is that they claim some prescriptive right to enjoy the short-term benefits of D-Ram supplies at dumped prices, regardless of the damage to European manufacturers.

Richard H.W. Bullock
Electronic Components Industry Federation,
Romano House,
399-401 Strand, WC2

Dawn drivers

From Mr Colin Kirkwood.

Sir, Mr Hinde (Letters, January 9) makes a fair case for BR's timekeeping over the past year. He does not tell us, however, how he classes the delay when his train is cancelled. And what of all those days last summer when we were getting up at dawn to drive to town by 6 am because there were no trains at all.?

Colin Kirkwood,
41 Rectory Green,
Beckenham, Kent

Domesday: time for a new one

From Mr Michael Pattison.

Sir, The idea of a new Domesday Book (Observer, January 2) is excellent. It would be based on the measurement, value and ownership of every plot of land in the UK for publication in the year 2000. An invaluable reference source for all in hardback or paperback – even better if it were also available on disc.

The speed of development of computerised geographic information systems has been phenomenal over the last 10 years. Changes in government thinking have not been so rapid. Since the first Domesday Book lawyers and politicians have spent 900 years keeping information on land ownership secret. In recent years England and Wales (not Scotland) have shared with Turkey the dubious privilege of so doing.

Legislation to change this will take effect in 1992. The Land Registry records for England and Wales will become "open." The current Land Registrar could, with the Lord Chancellor's aid, bring daylight to the darkened corners of his regional offices. By doing so this multi-million pound business could become a £1bn property information supplier to industry and the property profession. Computerising the register in one Australian state increased the level of information sales from 7,000 inquiries a year to 14,000 a day.

The 1992 changes are a good first step. That it has taken 900 years to get this far is a sad reflection on government obsession with secrecy.

Michael Pattison,
Royal Institution of Chartered Surveyors,
12 Great George Street,
Parliament Square, SW1

The "real lesson" of De Klerk's first 100 days

From Mr James Richardson.

Sir, Patti Waldmeir's article on De Klerk's first 100 days in office paints a rosy picture of South Africa heading for change under the influence of the new white leadership. Whilst there have clearly been some changes during De Klerk's first 100 days, apartheid remains very much in place. During these same 100 days over 2,500 people were arrested in the course of protests, at least 212 people were detained without trial, and several dozen leading anti-apartheid activists were placed under 12-hour house arrest. Within 10 days of De Klerk's investiture, the first political execution authorised by him took place.

Whilst a few "ANC rallies" have been allowed, prosecutions of both individuals and newspapers have continued for promoting the aims of banned organisations. The ANC remains among the more than 90 banned organisations. De Klerk ordered an inquiry into alleged breaches of security laws at the Soweto rally, including promotion of the ANC. People have even been arrested for wearing "ANC Lives" T-shirts.

The Anti-Apartheid Movement has catalogued the reality of De Klerk's 100 days, which has been published in the pamphlet "Apartheid's new face." This shows the reality behind De Klerk's brave new words: that the fundamentals of apartheid remain in place and that De Klerk has no intention of relinquishing power to the majority.

Pretoria's tactic is to change the form of apartheid, whilst maintaining the substance of white minority rule. De Klerk has been forced to project a new image for apartheid by the strength of the liberation movement and the impact of sanctions on an economy strained by the costs of repression. The real lesson of De Klerk's first 100 days is that these pressures must be stepped up massively if fundamental change is to occur.

James Richardson,
Anti-Apartheid Movement,
13 Mandela Street, NW1

And others too

From Mr R.A.A. Cobbing.

Sir, The ideas and information in your Third Age edition (Weekend FT, January 6) were very helpful – not only to the Glammies, Woopies and Rips you mentioned, but also to those like my wife and I who categorise ourselves as Goolies (Growing Older On Limited Incomes).

R.A.A. Cobbing,
10 Watling Street,
Radlett, Hertfordshire

£138m building materials purchases by Evered

By Andrew Bolger

EVERED HOLDINGS, the former mini-conglomerate which has transformed itself into a quarries and building materials group, yesterday announced acquisitions in the UK and US worth a total of £138m.

It is paying £110m for Civil and Marine Holdings (CAM), the third largest marine producer of sand and gravel used for building aggregates in the UK. CAM is also the only producer in the south of England of slag cement, which is a partial replacement for ordinary portland cement.

Evered is in addition paying $46.5m (£28.2m) for Milville in West Virginia, a substantial quarry with extensive reserves of high-quality limestone, 40 miles from Washington.

CAM operates three sea-going suction hopper dredgers and a self-discharging bulk carrier in the southern North Sea and English Channel and supplies sand and gravel to depots on the Thames and in Belgium and northern France.

Mr Roy Kettle, Evered's chief executive, said CAM represented an outstanding opportunity to acquire a major new source of sand and gravel and thereby establish, in one step, a significant presence in the south-east of England at a time when land-based resources were being progressively worked out. It also gave Evered a platform from which to pursue expansion into continental Europe.


Roy Kettle: gaining a presence in south-east England

Mr Kettle added that Milville, with its access to a rail distribution network, would complement Evered's substantial quarrying and sand gravel activities near Washington, which in future might be more profitably developed for housing, as environmental and land-price pressures increased.

As well as continuing to produce aggregate, Evered also hopes to start supplying industry with chemical grade calcium carbonate from Milville, which is of similar size and geology to ICI's huge Tunstead limestone quarry near Buxton, Derbyshire.

Evered will seek shareholders' approval to create and issue up to 30m new cumulative redeemable preference shares. It will place them, subject to market conditions, in February, to provide longer-term capital. Evered shares yesterday closed at 137p, down 9p.

Evered raised £68m by a fully underwritten rights issue in September which was only 29 per cent subscribed. It had no outstanding debt at the year end and will pay for the acquisitions in the short-term by bank loan. After the acquisitions and preference share placing net gearing is expected to be about 50 per cent.

The consideration for CAM will be satisfied by £101m in cash and the balance of £9m by the issue of six million Evered ordinary shares to Mr Mike Uren, CAM's chairman and managing director, who will continue in that position and join the board of Evered.

See Lex

Sock Shop US refinance talks

By Maggie Urry

TALKS ABOUT a refinancing and a restructuring of the US interests of Sock Shop International, the niche retailer of hosiery chaired by Ms Sophie Mirman, were announced by the group after the stock market closed yesterday. The shares had already closed 4p lower at 79p.

The group is discussing a refinancing with its advisers, although Mr Peter Moss, director of corporate development, was reluctant to reveal details last night saying talks were at an early stage. The refinancing is likely to involve raising fresh equity, which will probably reduce the 81 per cent stake held by Ms Mirman and her husband Mr Richard Ross, who are joint managing directors of the business.

In the last balance sheet, dated February last year, the group's gearing was over 200 per cent, and borrowings are likely to have risen yet further because of poor trading. The refinancing is to reduce bank borrowings and to provide finance for expansion in Europe, particularly in France where it currently has 12 shops.

The size of the refinancing may be affected by the restructuring of the US interests which will necessitate an extraordinary write-off. Further details will be given to shareholders when interim results are published in mid-February.

Sock Shop has 17 shops in the US, mainly in the Manhattan area of New York. These were loss-making – partly because the shops had been the target of crime. All 17 were closed at the end of the Christmas season, when Sock Shop began seeking a partner.

Sock Shop is talking to an unnamed third party, a retailer, with a view to forming a joint venture in which Sock Shop would have a minority stake. This joint venture would have the rights to the Sock Shop name throughout the US and would buy merchandise from Sock Shop.

The joint venture would reopen some of the 17 shops, although it has not yet been decided which, and could later expand. It hopes to renegotiate rents, which Mr Moss called "prohibitive", with landlords in view of the difficult trading environment in the US.

Sock Shop was a stock market favourite when it came to the USM in 1987, with the offer 53 times subscribed. The shares were offered at 125p but opened on the market at 257p. The group met trading difficulties last year when it suffered under a combination of high interest rates, hot summer weather and the transport strikes, which affected the shops in tube and railway stations.

80% of SeaCon asset sales underway

By Andrew Hill

SEA CONTAINERS, which is fighting a hostile Anglo-Swedish bid, has now put in place 80 per cent of its asset disposal programme aimed at funding a defensive tender offer for its own shares, and is on course to meet or surpass its target of $1.1bn.

Yesterday the group, which owns Sealink British Ferries, announced it would be selling its tank container leasing and forwarding business for $110m to Itel Corporation, a US container rental group.

The group said it would complete the announcement of buyers in early February. The sale of some port interests – including Harwich and Heysham – would probably raise about $110m, Sea Containers said, while part of the company's hotel interests, and three more ships could make more than $100m.

All the disposals are subject to shareholder approval at a special meeting to be held in Bermuda on February 24.

Separately, Sea Containers has finalised its planned acquisition of 49 per cent of a new French partnership, which will own and operate the French national railway's ferries between England and France. Sea Containers has also agreed to sell two ships to Norwegian buyers for about $17m.

Tiphook, a UK container rental company, and Stena, a private Swedish ferry operator, are bidding $1.12bn – or $70 a share – for Sea Containers, matching the target company's defensive tender offer.

Restructuring puts ATP back into the black

ATP Communications Group, the USM-quoted advertising and marketing concern, bounced back into profitability in the six months to September 30 1989 with a pre-tax profit of £103,000, compared with a loss of £1.58m for the previous seven months.

Following a strategic review, including the appointment of a new management team, a number of subsidiaries were sold as they did not form part of the group's longer term plans. Also, Moss International which had incurred substantial losses, was restructured and changed its name to ATP Public Relations and relocated in Leeds.

This restructuring had left the group with four main operating divisions, ATP Advertising & Marketing, Thornton & Pearson, Anderson Design and ATP Public Relations.

Turnover for the period was £4.27m (£10.29m for seven months). Earnings per 5p share came to 0.15p (15.2p loss). There was an extraordinary credit of £146,000 this time.

Saatchi faces shareholder pressure

By Alice Rawsthorn in London and George Graham in Paris

AS IF plunging profits and a sluggish share price were not enough, Saatchi & Saatchi, the controversial communications group, now faces the new problem of a shareholder pressure group.

The Association pour la Défense des Actionnaires de Saatchi & Saatchi – or the Association for the Defence of Saatchi Shareholders – is a lobbying body, based in Paris, which intends to mobilise Saatchi's investors to mount complaints against the board.

ADASS is the creation of Mr Joseph Marciano, who once worked as an accountant with Price Waterhouse and is now a financial analyst. He bought 17,000 Saatchi shares eight months ago and has seen the value of his investment fall steadily ever since.

In his new role as president of ADASS, Mr Marciano plans to press the Saatchi board for information – and action – on everything from access to auditors' reports to the provisions in its last set of accounts.

He also complained that the Saatchi board acts against shareholders' interests by being so uncommunicative with the investment community. The Saatchi brothers – Charles and Maurice – who founded the group are infamous for shying away from publicity.

Saatchi, which rose rapidly in the early 1980s to become the world's largest advertising agency, was bombarded by problems last year. It was haunted by bid speculation and suffered a string of resignations only to end the year by announcing an attributable loss.

Whether ADASS will be able to mobilise enough support to add to Saatchi's problems remains to be seen.

So far it has, or so Mr Marciano says, attracted the support of shareholders speaking for 50,000 Saatchi shares, a tiny proportion of the total. He said it receives between 15 and 20 letters a day from sympathetic shareholders.

ADASS has joined the ranks of the motley assortment of pressure groups which, from time to time, have waged war against big companies. They range from the group of US public pension funds presently ganging up against General Motors, to the private investors who tried to block the recent merger between Hodgson Holdings and Kenyon Securities to form Britain's biggest funerals group.

As for Saatchi, it lived up to its reputation as the world's least communicative communications company – by refusing to comment.

Pennant sells 12.7% stake in Bay Financial

Pennant Properties, the international property development group, has sold a 12.7 per cent stake in Bay Financial, its Boston-based property subsidiary, for an initial consideration at $1,000.

The sales reduces the holding in Bay, which is seeking protection from its creditors under Chapter 11, to 43.7 per cent. The book value of the investment was at June 30 last year was £2.13m after a £31.38m write-down.

Crucial phase in the paradox

Charles Leadbeater considers the difficulties facing Ferranti

FOR a man sitting on a first half pre-tax loss of £15.4m, after a £215m alleged fraud last year had cut a swathe through his company's balance sheet, Sir Derek Alun Jones, chairman and chief executive of Ferranti International, was yesterday remarkably perky.

According to Sir Derek the company is close to achieving the two goals it set itself after the alleged fraud was disclosed in September last year.

First, it is seeking to exorcise the ghost of the affair involving the US subsidiary ISC Technology, which has clouded the company's future and risked its relations with key customers. In the last few months Sir Derek had made three trips to the United Arab Emirates, one of Ferranti's major foreign customers, to assuage its government's concern that, because one of ISC non-existent contracts was with the UAE, it was being dragged into the affair.

Second, Ferranti is engaged in a complex game of corporate poker with its potential suitors. It is implementing plans, which on the face of it could guarantee its independence. These include a £187m rights issue, coming up for approval on February 5, which should fill in the hole in the balance sheet left by the alleged fraud.

Yet the purpose of these plans is to stimulate interest among possible bidders for the company and increase the price they might pay. The cost of the fraud made Ferranti singularly unattractive. Its parlous financial position meant it was not in a strong position to reject a bid it judged too low.

So the paradox of Sir Derek's position is that to make Ferranti more appealing to a suitor, he has to confidently proclaim the company's ability to live on its own.

Ferranti expects the next two weeks will be crucial. Once the rights issue is completed a full bid will be both more expensive and more complex. It involves a share split to give shareholders a right to a share of the proceeds from legal action over the fraud.

So if there is to be a full bid it is most likely prior to February 5. After that one will be possible, but becomes less likely. The focus might shift towards joint ventures and other forms of collaboration.

How likely is Sir Derek to achieve his objectives?

Several of the factors which have created the £15m loss, against a £16.6m profit for the same period last year, are in the process of being dealt with.

ISC has continued to trouble Ferranti, regardless of the alleged fraud. Operating losses from US businesses, primarily ISC's defence systems subsidiary, amounted to £4.9m. Sir Derek believes he is finally scraping the bottom of the ISC can of worms. "ISC will not burden us any more after we get defence systems sorted out," he said.

Ferranti was relying on revenues from the suspect ISC contracts to help finance its heavy research and development costs. Without those revenues the company had to increase its borrowings, just as interest rates moved to higher levels.

The rights issue, combined with further asset disposals, should reduce borrowings, so the company would be debt free by the next financial year.

The success of the rights issue is guaranteed. But Ferranti is making slow progress with disposals intended to raise £100m. In December it sold its computer servicing and maintenance division for £17m.

Sir Derek said talks were continuing with four companies over the sale of Marquardt, a US subsidiary of ISC. Although Marquardt has a large site next to Los Angeles airport in its portfolio as well as a bombmaking plant, it is still some way from being sold. Moreover to become debt free the company will have to sell further unspecified assets.

Some of Ferranti's three main civil projects, Zonephone, its personal telecommunications venture, the Ranger power station energy management system and its business communications group, should become less of a drain within the next year.

However the past performance of some of these businesses has been unpredictable. It has cost £14m more than expected to develop the Ranger system.

Sir Derek believes that despite events in Eastern Europe the defence businesses should also improve. The alleged fraud hit the company hard because it was also spending £55m a year to develop a radar and other components for the proposed European Fighter Aircraft.

Sir Derek expects a decision on the radar contract within the next few weeks. He is confident Ferranti will beat off West German competition to win a potential lucrative long term contract. If it does not, the consequences could be very serious.

Finally, the costs of the alleged fraud have focused management attention on the rest of the business. By March Ferranti's workforce will be a fifth smaller than it was in March 1988. Sir Derek said that would cut £20m a year from its costs.

According to Sir Derek's pitch, by 1991 Ferranti will have growing civil businesses, almost no borrowings, much lower costs, a lucrative order from the EFA programme and spotlessly clean subsidiaries within what is left of ISC.

In addition the company says its first priority after the rights issue is to strengthen its board and its management. Sir Derek said he would resign as soon as the board felt it was appropriate.

So according to the chairman, by this time next year Ferranti will not merely have recovered from the alleged fraud, but it will be even healthier than it was before the fraud was uncovered.

Yet there are questions about several aspects of the strategy. These doubts may explain why despite Ferranti's protestations that it could easily soldier on alone, it is still looking for a partner with some urgency.

The prospects for a bid centre on Thomson, the French defence and electronics group. Ferranti's institutional investors have apparently steered Thomson away from attempting to buy only the most attractive bits of Ferranti.

Sir Derek believes that if Thomson can be lured into making a full bid then at least two large companies which have withdrawn from the auction will be lured back in. GEC executives believe they may come under political pressure to do so. Sir Derek said at least one US company would make a counter bid and there are hints that Daimler Benz, the West German group may come back in.

If no bid emerges Sir Derek's claims that the group is strong enough to carry on independently will be put to the test. Ferranti's reputation for technical expertise, especially in radar systems may endure.

It remains to be seen whether Sir Derek's confident predictions of a return to financial good health will be born out.

Charterhall finalising sale of part holding in Goldberg

By Maggie Urry

NEGOTIATIONS between Charterhall and Fletsand Investments over the sale of part of Charterhall's 29.9 per cent stake in A Goldberg, the Glasgow-based retailer, are expected to be completed shortly.

Charterhall, the quoted vehicle through which Westmex, Mr Russell Goward's troubled Australian company, operates in the UK, has issued a clarification statement saying that the sale of a "substantial part" of its Goldberg stake was under discussion.

It would not comment on price, but will take a sizable loss on the stake which was bought at far higher prices than the 101p, down 4p, at which Goldberg shares closed yesterday.

Goldberg last year fought off a £32m bid from Blacks Leisure, the leisurewear retailer; an offer which Charterhall had agreed to accept for its stake. Fletsand started to buy Goldberg shares at that time and now has 5.1 per cent of the stock.

Mr James Fyfe, chairman of Fletsand, the private company which owns the Lewis's department stores, said he could not comment on the discussions. Outsiders believe Fletsand would like to buy enough of Charterhall's stake to take its total holding to 25 per cent.

Last year, Mr Fyfe said he had no present intention of bidding for Goldberg, but now would not be drawn on his intentions.

Charterhall said it would make no arrangements with Fletsand over the rest of its Goldberg stake. This is to prevent suspicions of a concert party between Fletsand and Charterhall.

Both Fletsand and Goldberg have said in the past that they could explore ways to co-operate. Mr Mark Goldberg, chairman of Goldberg, now says he would be happy for Fletsand to buy part of the Charterhall stake.

Charterhall, shares in which have been suspended at 9¼p since early December when Westmex entered emergency discussions with its bankers, has put up for sale all its non-core share stakes, the largest of which is a 27.1 per cent holding in Bridport Gundry, the rope and netting makers.

Security Archives moves ahead

Security Archives, which provides secure storage and is involved in property investment, saw its pre-tax profit move ahead by 5.5 per cent from £414,000 to £437,000 in the half year ended September 30 1989.

Mr Clive Richards, chairman of this USM-quoted group, said it continued to enjoy strong demand for its services, and he looked forward to increased turnover, profits and earnings for the full year.

However, Mr Richards expected the investment made in the current year to have a greater impact on profits and earnings in 1990-91.

Turnover in the six months increased from £1.68m to £2.37m.

A lower tax charge meant earnings rose to 5.7p (4.8p) and the interim dividend is lifted to 2.5p (2p).

Seeking a well-known base for further European expansion

John Thornhill profiles the Jameel group which is making a £151m cash bid for Hartwell

WHEN Abdul Latif Jameel began selling motor cars, he boasted an impressive first customer. In 1955, having won the Saudi Arabian distribution rights for Toyota, he sold a Landcruiser to Prince Khalid ibn Abdul Aziz Al-Saud, who was later to become king of Saudi Arabia.

Abdul Latif Jameel's company may not be able to sell to such illustrious customers in the UK, but it hopes to retail many more cars if its £151.3m cash bid for Hartwell, the Oxford-based motor group, is successful.

The Jameel group says the offer for Hartwell represents a further step in its expansion programme in Europe. It already owns Prestinox, a French photographic equipment manufacturer, and further investment is on the way according to Mr Samir Hamadeh, a director on the Jameel Group's executive committee.

"We do not know whether we will continue to expand in the motor industry, but we would like to invest in other trading, retailing and distribution businesses," he says.

The group's only other publicly known interest in a UK company is 24.8 per cent of Trimoco, a Luton-based motor dealer, a stake it describes as a "strategic holding". But it says there are also non-declarable holdings in other companies.

Little financial information is known about the Jameel Group which, like many Saudi Arabian trading families, is shrouded in secrecy. But its offer document for Hartwell reveals that in 1988 it made sales of SR3.1bn (£501m) and had net assets of SR1bn (£162m). And the skeleton of its organisation shows it to be an extensive trading operation with diverse interests around the world. Its main interests include:

- Motor distribution. This is the predominant trading activity which it has built up since winning the Toyota franchise. It achieved peak sales of 151,574 Toyota vehicles in 1982, which accounted for about a third of the passenger and light truck market.

As the Saudi economy struggled in the mid 1980s, the Jameel group's motor sales were badly hit. Mr John Wei, the chief executive of the Oakhill subsidiary through which the offer for Hartwell is being made, said of the car sales business: "During the early years it was all passive selling. But the environment changed and immediately after the oil shock it was a question of how to survive."

Despite the economic downturn in Saudi Arabia, the group claims it has gained market share. In 1988, it sold 61,954 vehicles which represented about 40 per cent market share.

These sales were made through a network of 23 area main dealers and another 38 direct dealers throughout the country. It also has 15 wholly-owned retail outlets.

The company is renowned in Saudi Arabia for using distinctive advertising campaigns, one of which featured Muhammad Ali, the former world heavyweight boxing champion, using tag lines adapted from Arab proverbs such as: "Choose your companion before the road, Toyota," and "Whatever your heart desires, Toyota delivers."

- Parts distribution. The group's central parts division runs a Toyota warehouse, with more than 50,000 line items, which is believed to be the second biggest such operation outside Japan.
- Consumer finance. Its United Instalment Sales Company provides consumer finance for over a quarter of the group's vehicle sales.
- Property. The US property company jointly owns and manages almost 5m sq ft of commercial property in New York, Boston, San Francisco and Miami. These had a historic cost net book value of $550m at the end of 1988. There are other international property interests, some in London.
- Consumer goods distribution. This covers distribution of Toshiba television and video equipment and other electrical consumer products in Saudi Arabia through United Technology Products Company.
- Shipping. These companies jointly own and operate five bulk carriers.

The whole Jameel operation, which has its headquarters in Jeddah, employs about 1,500 people worldwide and is presided over by an executive committee of seven individuals. The group is wholly owned by Mr Abdul Latif Jameel who is believed to be in his late 70s, although his precise age is not known. As one of his directors says: "I do not think there were such things as birth certificates in those days."

Three of his sons sit on the executive committee. Yusuf, the eldest, is a former president of the group but is now regarded as something of a maverick. Two years ago he became embroiled in a legal controversy in the UK over the custody of his daughter – whom he took back to Saudi Arabia after splitting up from his English wife – and he is now in contempt of court in the UK. The company's directors say this episode has damaged his career and he now has no executive responsibilities within the group. To suggest that he is connected in any way with the bid for Hartwell would be "a thumping great red herring," Mr Rupert Carington, Oakhill's chairman, says emphatically.

Of Abdul Latif's other sons, Muhammad is the president of the company, and Majdi, vice-president. Three other executives, John Chan, Samir Hamadeh, and John Wei, the Oakhill chief executive who will run Hartwell if the bid succeeds, also sit on the committee.

Although the guiding principles are set down by the committee, the group's directors say the day-to-day management is highly decentralised. "The committee sorts out the strategy for the group as a whole and once this strategy is agreed upon then the decisions filter down to the line managers," Mr Hamadeh says.

Given the group's international interests, it might seem rather curious for it to fix upon a regional UK motor distributor as the object of its desire, but it justifies the interest.

It says it wants to increase its investment in Europe, which it sees as a stable and growing economic region. And Mr Hamadeh says the group is particularly interested in motor distribution for two reasons.

First, it claims to know the business from its experience of running dealerships in Saudi Arabia. Second, it says the UK motor distribution business offers great sales potential in the longer term as the number of vehicles per head in the UK is currently lower than in many other parts of Europe.

But in order for the grand strategy to swing into action it has first to woo or win a distrustful Hartwell, which seems determined to fight for its independence.

Crown Communications sells 15% holding in Invicta Sound for £2.4m

By David Owen

CROWN COMMUNICATIONS, the broadcasting group, has sold its 15 per cent holding in Kent-based Invicta Sound to 25 per cent-owned Southern Radio Holdings for 185p a share or £2.4m in cash.

The company said that the move follows the stalling of merger discussions between Southern and Invicta, an independent radio company which joined the USM last July.

"We have put the stake in the hands of a management in which we have total confidence", Crown explained. "We as a group are stating that we see no likelihood of a merger in the immediate future."

The sale comes just three months after Crown purchased 400,000 Invicta shares - or 4.6 per cent of the company - for £880,000.

Crown says that it bought that stake to ensure that a strategic block of shares "did not go elsewhere". All told, the group's net assets are increased by some £930,000 as a result of the disposal, after providing for capital gains tax. The funds will be used to reduce borrowings.

Invicta shares rose 5p on the day to close at 193p. Crown shares were unchanged at 262p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
de Morgan	Int	1.375	Apr 2	1.25	-	3.6
Ferranti	Int	nil	-	0.75	-	0.75
Security Arch §	Int	2.5	Feb 28	2	-	5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¢Third market.

UK COMPANY NEWS

SD-Scicon starts US withdrawal with £40m sale

By Alan Cane

SD-SCICON, the UK-based computing services company in which British Aerospace has a 29.9 per cent interest, has disposed of one of its three US subsidiaries in a move which underlines its intention to withdraw from the US to focus on opportunities in the European marketplace.

The company is Warrington Financial Systems, a software and services company, and it has been sold to one of its principal competitors in the financial services area, Sungard Data Services of Wayne, Pennsylvania. Sungard is quoted on the Nasdaq electronic stock exchange.

Sungard paid $65m (£39.5m) in cash, giving SD-Scicon a net profit of about £24m on the transaction. That would be used to reduce the company's borrowings virtually to zero. At present, gearing is over 30 per cent.

The deal is subject to approval from the US Federal Trade Commission and the anti-trust authorities.

SD-Scicon is retaining ownership of its other two US subsidiaries, the small defence consultancy SCT and a specialist vehicle emissions monitoring company. The intention, however, is to dispose of these as soon as practicable.

SD-Scicon was formed in April 1988 when Systems Designers of Fleet, Hampshire, took over the much larger but loss making Scicon. After an encouraging start, heavy restructuring costs and problems with a major contract caused a loss of £1m at the halfway stage in the current year, compared with profits of £4.3m.

Analysts are now predicting pre-tax profits of between £5m and £7m on revenues of about £280 for the full year.

Mr GW Holmes, a founder-director of the company, was unwilling to make predictions for 1990, but expressed confidence that, free of debt, it would return profits closer to the industry average of between five and ten per cent.

SD-Scicon has now completed a number of moves aimed at improving its competitiveness in Europe, where it believes the major opportunities lie. The UK operations of SD and Scicon have been merged under Mr Ray Waite, while Mr Warren Werblow has become directly responsible for the French and German subsidiaries GFI and SCS.

The company has in recent weeks begun talks with the large French-based software house Sligos with a view to establishing a joint venture company. Mr Holmes said yesterday that the talks were at the exploratory stage.

de Morgan profits slide

THE FAILURE of a number of transactions to close and an exceptional charge for the default of a debtor were two principal factors that hit the de Morgan Group of independent professional advisers.

As a result, pre-tax profit for the 29 weeks ended October 31 1989 crashed from the £1.13m of the 1988 half year to £150,000.

Mr David McWilliam, chairman, said despite the difficult market conditions he was confident the business would continue to grow in the medium term, with a recovery in turnover and profitability for the second half.

The interim dividend is being raised to 1.375p (1.25p) although earnings dropped to 1.28p (4.35p).

Transactions that failed to close represented a total fee income of over £1m, but a significant proportion of that was expected to benefit the second half. Provision against the defaulter client was £197,000.

Turnover rose to £2.67m (£2.18m) but operating costs increased considerably. That primarily related to the acquisition of the Retail Group and to growth in personnel mainly in the year to April 1989.

Woolgate, the property finance division, saw improved results.

Rank buys into North American bingo

By David Owen

IN Tomson Highway's award-winning Canadian play, The Rez Sisters, seven indian women raise C$1233.65 (£642) through a variety of chores including washing windows and blueberry-picking in order to attend the Biggest Bingo in the World in Toronto.

Rank Organisation is now attempting to cash in on this devotion.

The leisure and entertainment group is taking a stake in the heavily-regulated North American bingo sector by purchasing seven clubs in the prosperous Toronto area, through its Top Rank subsidiary, for an aggregate £4.75m in cash.

The acquisition represents Top Rank's first venture in North America, although Rank Organisation itself has extensive assets.

"Regulations in Ontario are such that an operator is able to make a sensible return", said Mr Angus Crichton-Miller, managing director of Rank's holidays and recreation unit. "We believe regulations will gradually free up elsewhere."

Rank sees the Canadian purchase as a springboard for further growth in North America. Ontario and two unidentified US states have been earmarked for possible investment.

At the same time, Top Rank has sold its six Scottish clubs in Glasgow, Dundee and Edinburgh to Mecca Social Clubs for approximately £6m.

After the disposal, Top Rank will have 94 clubs in the UK, with new outlets at Leeds and Romford due to open shortly. According to Mr Crichton-Miller, the clubs contributed only £200,000 in profits in the last financial year.

Mecca will add the outlets to the score of Scottish clubs which it already operates, employing more than 600 staff.

The move is seen as a natural progression from its acquisition of six MBE leisure clubs in 1988. The company said: "We are driving forward our investment policy in an area which we are confident will generate impressive returns."

Electrical test for competition policy

Maggie Urry considers whether Kingfisher's bid for Dixons should be referred

THE NEXT important example of how the government applies its competition policy will be whether it refers Kingfisher's £568m bid for Dixons to the Monopolies and Mergers Commission. The decision is expected in the coming week.

Sir Gordon Borrie, the Director General of Fair Trading, sent his advice to the Department of Trade and Industry yesterday. Whatever the decision, there will, no doubt, be critics.

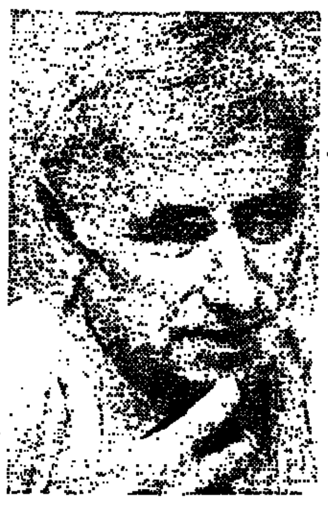
The case for referring seems obvious. The combination of Kingfisher's Comet subsidiary and Dixons chains, Dixons and Currys, would dominate the electrical retailing sector.

Outside estimates suggest that the three chains would have more than 25 per cent of the market, a benchmark level for referring bids.

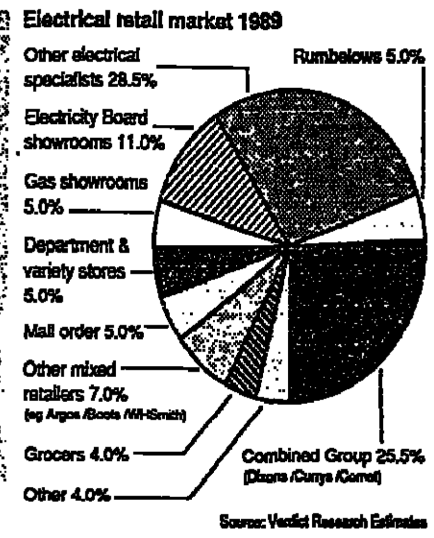
Mr Richard Hyman, of Verdict Research, the retail research group, argues that given the lack of a competitor with anything approaching the same share, "there is very little case for not referring."

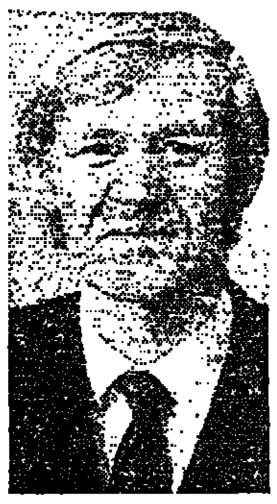
The main rivals would be the smaller multiple chains, such as Rumbelows, which has been incurring losses, independents, electricity boards which are organised on a regional basis, department stores, catalogue showrooms, such as Argos, and mail order groups. Apart from Rumbelows, none of the others has more than 1 per cent of the market, Verdict says.

Ms Joan D'Olier, retail analyst at County NatWest Wood Mac, also argues the bid should be referred, pointing out that in certain important product areas, such as hi-fi and television, the combined group would have well over 25 per cent of the market.



Stanley Kalms





Geoff Mulcahy

The fear must be that if Comet, which is number two to the Dixons/Currys combination, could scoop them up and become the clear leader, it would have the muscle to raise prices. No doubt other retailers would gladly follow suit, given the downward pressure on prices Dixons and Comet have been exerting, and consumers would appear to suffer.

The onus is on Kingfisher to show that the bid should not be referred. Kingfisher appears confident that it has a good case, even though when Dixons bid for the then Woolworth Holdings in 1986 Woolworth argued forcefully for a referral. Since then Dixons and Comet have increased their market share.

Kingfisher says that the combined group would in fact have a market share of only 22.4 per cent. There would probably be some store closures if the takeover went through, which would reduced the share.

Kingfisher obtains the 22.4 per cent figure by including rental of equipment, such as televisions and videos, in the electrical market.

When people decide to get a new large screen television, says Kingfisher, about 40 per cent opt to rent rather than buy. But, argues one analyst, "some people rent and some people buy. I do not think there is much cross over between the two."

As for the argument over the effect on competition of one dominant group standing up to a vast range of much smaller players, Kingfisher says that competition would remain fierce.

In most retail sectors the independents have been progressively squeezed by the increasingly powerful multiples, which have grown partly through exercising their better buying terms and so winning market share. Kingfisher suggests that the electrical retail market does not work in the same way.

The fact that many independents still exist, and together still have a large share of the market, shows they are strong, says Kingfisher. The three chains combined would only have around 8 per cent of the total number of electrical retail outlets in the UK, Kingfisher argues, allowing consumers plenty of choice.

However, this statistic can be twisted the other way. If fewer than 10 per cent of the outlets have more than 20 per cent of the market, the other outlets are not as good at attracting consumers.

Kingfisher argues further that electrical goods manufacturers do not give substantially better buying terms to the larger groups. A combined Comet, Currys, Dixons would not be able to improve their terms by much.

This is a proposition which meets incredulity among electrical goods manufacturers and other retailers. And, some ask, if Kingfisher is not expecting markedly to improve its buying terms, what is the point of taking Dixons over?

DTI ministers will, perhaps, be reading the OFT's report this weekend. They will have a tough decision to make.

Yesterday the stock market appeared to be betting that the bid would not be referred clearing the way for Kingfisher to make a higher bid. Dixons shares gained 3p to close at 137p, 17p above the 120p a share offer price, while Kingfisher's slipped 4p to 298p.

Honorbilt plans to float Tomato in the US

By Clare Pearson

Honorbilt Group, the menswear designer and distributor, hopes to float its Tomato subsidiary in the US at a value of about £18m.

Mr Stewart Dymant, finance director, said the company had been advised that Tomato, which it bought for $11m last summer, could float on Nasdaq at a market capitalisation of about $30m. The aim is to sell about 30 per cent of the shares.

Honorbilt, which was floated on the Third Market at 20p per share 2¼ years ago, was valued at about £10.5m at last night's close of 15p. Mr Harold Tillman, chairman, said: "I don't think the acquisition of Tomato has ever been valued in the UK."

To fit in with Tomato, Honorbilt's year-end has been changed and yesterday it announced pre-tax profits of £1.43m for the 15 months to the end of June, compared with £544,000 in the 12 months to end-April 1988. Turnover rose to £29.8m (£14m). Earnings per share rose to 2.08p (1.05p).

The figures included two months' trading of Tomato, the West Coast-based casualwear concern, which put in about £4m to sales. Two UK acquisitions made during the year, Gallini, a casualwear wholesaler, and Ziggles, a supplier of boys' school trousers, jointly put in about £100,000 to profits.

● An incident where a builder petitioned for the winding up of Honorbilt arose from an oversight on the part of the company's solicitor, Mr Dymant said.

He said the petition was an abuse of process of the court as it was presented after the builder had been given notice Honorbilt intended to sue for bad workmanship. A sum of about £30,000, which Honorbilt had retained, had already been paid to the Court.

Ex-chief's loan to Regina

MRS IRENE STEIN, founder and former chairman of Regina Health & Beauty, USM-quoted distributor of royal jelly, made a £550,000 loan to the company just a month before her dramatic resignation last November, writes Clare Pearson.

Regina said yesterday that it was in negotiations with Mrs Stein, who holds 29.5 per cent of the shares, over the loan. It said she had confirmed she would not demand repayment before February 15.

The company said it was in discussions with a number of parties with a view to obtaining additional capital.

The loan was made on October 24 as the company's trading condition worsened. She announced her resignation on November 21. Regina executives were not available to comment yesterday.

The company said there would be a "substantial loss" for the six months to end-December, but it was now trading profitably on a monthly basis.

The shares closed down 1½p at 14p yesterday.

In the year to end-June, Regina achieved a mere 5 per cent rise in pre-tax profits to £754,000. Product development expenditure of £629,000 was treated as an intangible asset.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Mr Douglas Hurd, Foreign Secretary, starts visit to Hong Kong.

TOMORROW: National Savings results (December).

MONDAY: CBI/FT Survey of distributive trades (December). Producer price index numbers (December-provisional). Retail sales (December-provisional). Bulgarian parliament meets to discuss abolishing parts of constitution guaranteeing Commmunist Party leading role. Official launching of the bank for the reconstruction and development of Eastern Europe in Paris with all countries participating in the new institution. European Parliament in full session in Strasbourg (until January 19). Appeal hearing on ruling in November that declared market transactions by the London Borough of Hammersmith and Fulhan unlawful.

TUESDAY: US business inventories (November). The five permanent members of the United Nations Security Council are to meet in Paris to make a fresh attempt to find a peaceful settlement to the intensifying Cambodian conflict.

WEDNESDAY: US merchandise trade (November) and industrial production (December). The Institute of Directors makes budget representations.

THURSDAY: Public Sector Borrowing Requirement (December). Provisional figures for vehicle production (December). Labour market statistics: unemployment and unfilled vacancies (December-provisional); average earnings indices (November-provisional) employment, hours, productivity and unit wage costs; industrial disputes. Institutional investment (third quarter). US housing starts (December), CPI and real earnings. Commons motion on English revenue support grants. Mr Francois Mitterand, French President, visits Budapest. International conference in Geneva on south east Asian boat people.

FRIDAY: Retail prices index and tax and price index (December). Preliminary estimate of consumers' expenditure (fourth quarter). London and Scottish banks monthly statement (December). Provisional estimates of monetary aggregates (December). Mr Michel Bocard, French Prime Minister, visits Thailand to discuss proposals to end 11-year war in Cambodia (until January 21).

BASE LENDING RATES

	%		%		%
ABN Bank	15	Comm. Bk. N. East	15	Northern Bank Ltd	15
Adam & Company	15	Co-operative Bank	*15	Norwich Gen. Trust	15
Allied Trust Bank	15	Coutts & Co	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Cyprus Popular Bk	15	PRIVATbanken Limited	15
● Henry Ansbacher	15	Dunbar Bank PLC	15	Provincial Bank PLC	16
Associates Cap Corp	14	Duncan Lawrie	15	Roxburghe G'rantee	15½
Authority Bank	15	Equatorial Bank plc	15	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Bank of Baroda	15	Financial & Gen. Bank	15	● Smith & Williman Secs.	15
Banco Bilbao Vizcaya	15	First National Bank Plc	16	Standard Chartered	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	TSB	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	● United Bk of Kuwait	15
Bank of Cyprus	15	Girobank	15	United Mizrahi Bank	15
Bank of Ireland	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Bank of India	15	HFC Bank plc	15	Western Trust	15
Bank of Scotland	15	● Hambros Bank	15	Westpac Bank Corp.	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Whiteaway Laidlaw	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Yorkshire Bank	15
Benchmark Bank PLC	15	● Hill Samuel	§15		
Brit Bk of Mid East	15	C. Hoare & Co.	15		
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
		Mount Banking	15		
		Nat Bk. of Kuwait	15		
		NatWestminster	15		

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EUROPEAN OPTIONS EXCHANGE

Series		Feb. 90 Vol	Feb. 90 Last	May 90 Vol	May 90 Last	Aug. 90 Vol	Aug. 90 Last	Stock
Gold C	$400	132	22	8	34.50	41	42.80	$416.80
Gold C	$420	319	9.90	39	22.50	13	29.50 b	$416.80
Gold C	$440	5	3	150	12	1	22	$416.80
Gold P	$380	[illegible]	[illegible]	110	3	[illegible]	[illegible]	$416.80
Gold P	$400	161	[illegible]	33	7.20	[illegible]	[illegible]	$416.80

Series		Jan. 90 Vol	Jan. 90 Last	Feb. 90 Vol	Feb. 90 Last	Mch. 90 Vol	Mch. 90 Last	Stock
EOE Index C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S/FI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Series		Jan. 90 Vol	Jan. 90 Last	Apr. 90 Vol	Apr. 90 Last	Jul. 90 Vol	Jul. 90 Last	Stock
ABN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aegon C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ahold C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ahold P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amev C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amev P	Fl. 60	377	0.80	10	2.40	[illegible]	[illegible]	[illegible]
Amro P	Fl. 80	147	1.50	82	4.70	8	4.60	Fl. 78.30
BUHRMANN-T P	Fl. 70	101	8	23	8.50 b	301	9.20	Fl. 62
DAF N.V. C	Fl. 42.50	20	0.10	145	1.10	38	1.40	Fl. 37.20
N.V. DSM C	Fl. 120	676	1	410	5	75	6.30	Fl. 118.50
N.V. DSM P	Fl. 115	56	0.50	214	5	6	7	Fl. 118.50
Elsevier C	Fl. 80	267	1.70	83	5.20	10	6	Fl. 81.30
Elsevier P	Fl. 80	66	0.50	107	2.40	2	4.50	Fl. 81.30
Gist-Broc. C	Fl. 30	72	0.30	115	2	42	2.40	Fl. 28.70
Gist-Broc. P	Fl. 30	291	1.10	103	2	156	3.20	Fl. 28.70
Heineken C	Fl. 125	125	1.20	13	6.80	-	-	Fl. 124.20
Heineken P	Fl. 120	153	0.60	17	2.50	4	5 b	Fl. 124.20
Hoogovens C	Fl. 80	366	0.30 b	1022	3.80	91	5	Fl. 76.20
Hoogovens P	Fl. 80	657	3.70	216	6.30	361	10	Fl. 76.20
KLM C	Fl. 45	554	1.20	8	3.70	7	5.50	Fl. 45.30
KLM P	Fl. 40	244	0.10	4	0.60	-	-	Fl. 45.30
KNP C	Fl. 50	416	0.80	111	2.80	12	3.50	Fl. 49.20
KNP P	Fl. 50	290	1.20	603	4.20	3	5	Fl. 49.20
NEDLLOYD C	Fl. 84	125	4.30	-	-	-	-	Fl. 88.10
NEDLLOYD P	Fl. 90	81	2.30	132	5	12	7.90	Fl. 88.10
NMB P	Fl. 50	157	0.80	14	2.50	4	2.70	Fl. 49.70
Nat.Ned. C	Fl. 70	1031	3.40	273	6.30	22	7.50	Fl. 73.20
Nat.Ned. P	Fl. 70	33	0.30	347	1.50	20	2.50	Fl. 73.20
Philips C	Fl. 45	2487	0.70	1167	3.20	53	4.20	Fl. 44.90
Philips P	Fl. 45	802	0.80	1702	2.90	28	3.30	Fl. 44.90
Royal Dutch C	Fl. 150	146	0.10	756	2.80	129	4.50	Fl. 140
Royal Dutch P	Fl. 140	727	1.70	435	4.50	149	7.50	Fl. 140
Unilever C	Fl. 160	573	0.50 a	318	5.70	21	7.60	Fl. 156
Unilever P	Fl. 150	301	0.80	285	3.30	28	4.80	Fl. 156
Van Ommeren C	Fl. 35	214	0.70	226	2.60	26	3.30	Fl. 35
Wessanen P	Fl. 60	2	0.10	174	1.80	100	3	Fl. 64.70

TOTAL VOLUME IN CONTRACTS : 75,509

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT	Wednesday January 10, 1990		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	61,758,126	-	5,805,691
Bankers Deposits	1,578,988,608	+	30,947,137
Reserve and other Accounts	1,946,870,492	-	232,071,268
	3,602,170,226	-	206,929,822
ASSETS			
Government Securities	1,114,161,529	-	54,765,000
Advance and other Accounts	477,511,383	-	93,745,413
Premises Equipment & other Secs	2,001,098,933	-	58,536,275
Notes	9,143,248	+	85,135
Coin	255,153	+	21,731
	3,602,170,226	-	206,929,822
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,350,856,752	-	770,085,135
Notes in Banking Department	9,143,248	+	85,135
	15,360,000,000	-	770,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,101,838,976	-	356,952,300
Other Securities	3,247,145,924	-	413,047,700
	15,360,000,000	-	770,000,000

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Fri Jan 12 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Jan 11 Index No.	Wed Jan 10 Index No.	Tue Jan 9 Index No.	Year ago (approx) Index No.	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (202)	933.20	-1.7	12.22	4.58	9.97	0.00	949.65	948.37	955.48	822.52	1012.97 18/8 /89	775.54 3 /1 /89	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (27)	1150.09	-1.9	13.69	4.91	9.11	0.00	1171.87	1167.56	1173.32	1000.64	1287.14 19/5 /89	939.06 3 /1 /89	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (36)	1567.16	-2.2	16.14	5.03	8.13	0.00	1602.24	1603.96	1611.07	1553.60	1801.66 14/3 /89	1306.13 27/10/89	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (10)	2662.36	-1.2	10.11	4.67	12.44	0.00	2695.59	2699.23	2714.30	2421.38	3040.80 8 /9 /89	2294.30 3 /1 /89	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (30)	1973.59	-1.9	9.26	3.71	13.89	0.00	2012.44	2024.21	2044.72	1904.59	2308.22 19/5 /89	1776.44 3 /1 /89	2308.22 19/5 /89	1229.01 8 /10/85
6 Engineering-Aerospace (8)	478.07	-2.2	12.58	4.62	9.81	0.00	489.02	486.37	492.18	0.00	495.50 4 /1 /90	478.07 12/1 /90	495.50 4 /1 /90	478.07 12/1 /90
7 Engineering-General (44)	495.66	-1.0	11.35	4.74	10.63	0.00	500.88	501.14	501.89	0.00	502.82 4 /1 /90	486.00 29/12/89	502.82 4 /1 /90	486.00 29/12/89
8 Metals and Metal Forming (6)	481.33	-2.3	24.50	6.25	4.61	0.00	492.88	497.52	504.54	470.75	562.47 19/5 /89	439.27 27/10/89	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (16)	389.98	-1.8	13.64	5.41	8.59	0.00	397.31	397.67	401.37	269.56	403.98 4 /1 /90	258.24 3 /1 /89	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (25)	1729.15	-1.4	9.70	4.17	11.96	0.00	1754.02	1738.61	1753.03	1378.69	1881.53 18/8 /89	1311.63 3 /1 /89	1881.53 18/8 /89	277.55 15/1 /81
21 CONSUMER GROUP (179)	1324.10	-1.6	8.59	3.59	14.55	0.00	1345.36	1343.13	1354.92	1060.00	1417.92 4 /9 /89	1016.74 3 /1 /89	1417.92 4 /9 /89	61.41 13/12/74
22 Brewers and Distillers (22)	1544.45	-1.5	9.30	3.41	13.35	0.00	1568.17	1566.47	1573.41	1166.23	1583.71 5 /9 /89	1112.42 3 /1 /89	1583.71 5 /9 /89	69.47 13/12/74
25 Food Manufacturing (19)	1150.05	-1.5	9.44	3.84	13.15	0.00	1167.25	1160.25	1175.66	955.46	1220.42 4 /9 /89	926.04 3 /1 /89	1220.42 4 /9 /89	59.67 11/12/74
26 Food Retailing (16)	2299.12	-1.5	8.94	3.29	14.52	0.00	2334.43	2316.37	2340.93	1859.17	2722.30 5 /9 /89	1784.64 3 /1 /89	2722.30 5 /9 /89	54.25 11/12/74
27 Health and Household (13)	2676.76	-2.2	5.85	2.44	20.36	0.00	2737.86	2723.16	2754.15	1866.46	2795.49 4 /1 /90	1778.20 3 /1 /89	2795.49 4 /1 /90	175.38 28/5 /80
29 Leisure (33)	1661.88	-1.3	8.08	3.55	15.25	0.00	1683.63	1699.41	1717.22	1400.58	1845.77 8 /9 /89	1346.22 3 /1 /89	1845.77 8 /9 /89	54.83 9 /1 /75
31 Packaging & Paper (15)	592.80	-1.1	11.18	4.87	11.32	0.00	599.22	596.02	587.20	544.88	623.86 4 /9 /89	512.34 16/10/89	739.48 16/7 /87	43.46 6 /1 /75
32 Publishing & Printing (17)	3746.96	-1.4	8.40	4.71	15.38	0.00	3800.30	3772.98	3785.97	3381.60	3916.24 8 /2 /89	3236.76 4 /1 /89	5070.66 5 /10/87	55.08 6 /1 /75
34 Stores (31)	811.23	-1.2	10.79	4.63	12.05	0.00	821.18	828.00	835.12	709.33	921.71 4 /9 /89	679.97 3 /1 /89	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (13)	542.26	-0.9	10.66	5.53	11.37	0.00	547.27	542.74	546.32	480.18	586.98 21/9 /89	464.71 3 /1 /89	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (103)	1285.71	-1.4	10.62	4.62	11.28	0.00	1222.58	1219.13	1224.83	930.73	1233.52 3 /1 /90	896.15 3 /1 /89	1233.52 3 /1 /90	58.63 6 /1 /75
41 Agencies (16)	1590.29	-1.7	6.65	2.26	18.47	0.00	1617.14	1608.53	1624.07	1100.28	1630.70 5 /9 /89	1030.84 3 /1 /89	1795.57 17/7 /87	870.35 4 /12/87
42 Chemicals (22)	1260.17	-1.8	12.03	5.11	9.80	0.00	1283.72	1286.55	1295.68	1078.70	1370.94 11/8 /89	1026.37 3 /1 /89	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (14)	1684.21	-1.3	10.77	5.75	10.86	0.00	1707.15	1697.68	1699.20	1285.84	1819.46 11/8 /89	1254.94 3 /1 /89	1819.46 11/8 /89	975.19 10/11/87
44 Transport (13)	2371.70	-1.4	10.21	4.05	12.49	0.00	2405.21	2401.25	2417.23	1956.96	2554.69 12/7 /89	1836.25 4 /1 /89	2554.69 12/7 /89	98.39 29/6 /62
46 Telephone Networks (2)	1232.28	-1.7	10.31	4.16	12.62	0.00	1254.22	1244.88	1249.27	1030.22	1290.72 3 /1 /90	1002.43 3 /1 /89	1290.72 3 /1 /90	517.92 30/11/84
47 Water (10)	1952.26	-1.4	17.85	6.94	6.20	0.00	1980.33	1963.34	1983.11	0.00	2012.77 3 /1 /90	1952.26 12/1 /90	2012.77 3 /1 /90	1952.26 12/1 /90
48 Miscellaneous (26)	1955.22	-0.4	9.87	4.21	12.44	0.00	1963.75	1971.79	1977.38	1225.91	2087.06 11/7 /89	1183.56 5 /1 /89	2087.06 11/7 /89	60.39 6 /7 /75
49 INDUSTRIAL GROUP (484)	1204.99	-1.6	10.12	4.15	12.08	0.00	1224.06	1221.69	1230.49	979.22	1273.71 5 /9 /89	935.74 3 /1 /89	1273.71 5 /9 /89	59.01 13/12/74
51 Oil & Gas (16)	2351.53	-1.3	9.18	4.86	14.40	0.00	2383.06	2368.06	2407.42	1788.52	2475.71 2 /1 /90	1725.77 3 /1 /89	2475.71 2 /1 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1301.39	-1.5	9.99	4.25	12.36	0.00	1321.54	1318.28	1329.38	1048.80	1355.68 5 /9 /89	1002.81 3 /1 /89	1369.88 16/7 /87	63.49 13/12/74
61 FINANCIAL GROUP (114)	841.99	-1.2	-	5.06	-	0.00	852.59	855.52	862.37	697.86	869.67 3 /1 /90	670.86 3 /1 /89	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	879.10	-1.3	19.49	5.74	6.74	0.00	890.30	890.58	901.04	695.44	901.53 3 /1 /90	657.74 3 /1 /89	901.53 3 /1 /90	62.44 12/12/74
65 Insurance (Life) (7)	1396.53	-0.7	-	4.76	-	0.00	1406.20	1428.05	1438.39	968.80	1484.67 3 /1 /90	933.96 5 /1 /89	1484.67 3 /1 /90	44.38 2 /1 /75
66 Insurance (Composite) (7)	709.10	-1.2	-	5.33	-	0.00	717.46	719.68	723.77	545.07	768.11 29/12/89	528.72 3 /1 /89	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (6)	1145.25	-1.4	6.49	5.50	20.52	0.00	1162.06	1151.06	1170.26	961.45	1194.74 4 /1 /90	916.68 3 /1 /89	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (8)	491.04	-1.0	-	3.62	-	0.00	496.05	497.82	500.10	327.50	501.45 8 /1 /90	318.05 3 /1 /89	547.59 12/10/87	31.21 7 /1 /75
69 Property (49)	1204.05	-1.8	7.62	3.57	16.61	0.00	1226.18	1231.95	1236.29	1235.49	1398.87 5 /9 /89	1126.55 17/10/89	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (28)	345.89	-0.7	12.22	6.11	10.73	0.00	347.49	348.59	350.52	354.32	391.49 8 /2 /89	304.56 16/10/89	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (68)	1275.65	-1.8	-	2.84	-	0.00	1299.47	1299.32	1315.31	965.90	1323.81 4 /1 /90	922.04 3 /1 /89	1323.81 4 /1 /90	71.12 13/12/74
91 Overseas Traders (5)	1570.28	-0.2	8.80	5.84	13.07	0.00	1574.14	1558.25	1569.06	1284.85	1614.04 3 /1 /90	1255.90 17/10/89	1614.04 3 /1 /90	97.37 6 /1 /75
99 ALL-SHARE INDEX (687)	1191.71	-1.5	-	4.33	-	0.00	1209.67	1207.72	1218.02	961.88	1226.83 3 /1 /90	921.22 3 /1 /89	1238.57 16/7 /87	61.92 13/12/74
	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 11	Jan 10	Jan 9	Jan 8	Jan 5	Year ago				
FT-SE 100 SHARE INDEX‡	2380.1	-37.8	2402.9	2370.3	2417.9	2412.6	2436.3	2431.3	2444.5	1862.1	2463.7 3 /1 /90	1694.5 8 /2 /88	2463.7 3 /1 /90	986.9 23/7 /84

‡ Opening index 2402.9; 10 am 2396.2; 11 am 2391.4; Noon 2383.6; 1 pm 2377.0; 2 pm 2377.1; 3 pm 2377.4; 3.30 pm 2375.9; 4 pm 2381.7 (a) 9.00am (b) 1.36pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

FIXED INTEREST

PRICE INDICES	Fri Jan 12	Day's change %	Thu Jan 11	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	116.23	+0.12	116.22	0.13	0.38
2 5-15 years	128.23	+0.22	127.94	-	0.08
3 Over 15 years	137.45	+0.32	137.01	-	0.00
4 Irredeemables	155.66	+0.43	154.99	-	0.00
5 All stocks	126.83	+0.20	126.62	0.05	0.18
Index-Linked					
6 Up to 5 years	141.90	+0.05	141.83	-	0.00
7 Over 5 years	140.45	+0.31	140.02	-	0.21
8 All stocks	140.44	+0.29	140.03	-	0.19
9 Debentures & Loans	105.53	+0.03	105.50	-	0.00
10 Preference	84.24	....	84.24	-	0.00

AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 12	Thu Jan 11	Year ago (approx.)	1989/90 High	1989/90 Low
British Government						
1 Low Coupons	5 years	10.37	10.37	9.39	10.48 11/10/89	8.88 9 /2 /89
2	15 years	9.86	9.86	9.10	9.91 4 /12/89	8.77 9 /2 /89
3	25 years	9.82	9.82	9.01	9.83 4 /12/89	8.73 16/2 /89
4 Medium Coupons	5 years	11.38	11.39	10.55	11.41 6 /12/89	9.96 8 /2 /89
5	15 years	10.28	10.31	9.69	10.32 10/1 /90	9.21 8 /2 /89
6	25 years	9.90	9.94	9.26	9.96 4 /12/89	8.85 17/2 /89
7 High Coupons	5 years	11.53	11.53	10.82	11.56 6 /12/89	10.13 8 /2 /89
8	15 years	10.46	10.49	9.83	10.53 4 /12/89	9.41 8 /2 /89
9	25 years	10.02	10.06	9.24	10.10 4 /12/89	8.99 27/1 /89
10 Irredeemables†		9.84	9.88	9.00	9.93 4 /12/89	8.68 15/3 /89
Index-Linked						
11 Inflation rate 5%	Up to 5yrs.	3.84	3.83	3.80	4.10 13/10/89	2.75 21/8 /89
12 Inflation rate 5%	Over 5 yrs.	3.64	3.66	3.74	3.84 5 /6 /89	3.41 21/8 /89
13 Inflation rate 10%	Up to 5 yrs.	3.00	2.98	2.63	3.30 2 /6 /89	1.91 21/8 /89
14 Inflation rate 10%	Over 5 yrs.	3.48	3.49	3.58	3.67 5 /6 /89	3.23 21/8 /89
15 Debs & Loans	5 years	13.21	13.31	11.60	13.82 3 /11/89	11.47 30/12/88
16	15 years	12.27	12.30	11.28	12.56 3 /1 /90	11.19 1 /2 /89
17	25 years	12.23	12.23	10.97	12.23 11/1 /90	10.66 27/2 /89
18 Preference†		10.96	10.96	10.30	10.96 11/1 /90	10.00 17/3 /89

Chapter 11 filings closer for Campeau store chains

By Bernard Simon in Toronto

THE TWO US department store groups owned by Canada's Campeau Corporation may file for bankruptcy within the next few days following moves to separate the retailing units from Campeau's real estate operations.

The reorganisation, which marks the end of French-Canadian entrepreneur Mr Robert Campeau's brief but eventful involvement in the retail business, appears to be a prelude for Allied Stores and Federated Department Stores to file for protection from their creditors and enter Chapter 11 of the US Federal Bankruptcy Code.

An official involved in talks on the fate of Allied and Federated said a Chapter 11 filing was almost certain after the refusal of junk bond holders to exchange their securities for cash and equity as a means of reducing the two department store groups' onerous debt servicing burden. Their combined interest payments amount to about $700m a year.

But a representative for seven of the leading junk bond holders said they had made no decisions and discussions with Campeau so far amounted only to "initial exchanges and some expressions of views."

Campeau announced after a four-day board meeting in Toronto that voting control over Federated, Allied and its other US operations will be transferred to a group of trustees. Until the trustees are appointed, the US operations will be overseen by four independent members of the Campeau board. One of the four is Canadian newspaper proprietor Mr Conrad Black, who owns the Daily Telegraph of London.

The separation of the US and Canadian operations will be reinforced by the appointment of a separate chairman and chief executive for Campeau's US holding company, and the reconstitution of the Campeau US board to include a majority of American residents.

The changes appear designed to enhance Federated and Allied's credibility among American suppliers and bankers.

In the effort to keep Federated and Allied more firmly focused on the retail business, Campeau's biggest shareholder, Toronto-based real estate developers Olympia & York Developments, will have no direct involvement in Campeau's US operations.

A four-man committee headed by a senior O&Y official, which was set up last September to restructure and refinance Allied and Federated, has been disbanded. Campeau said the directors of its US holding company would have responsibility for the management and the financial restructuring of US operations.

Mr Robert Campeau, the company's founder and chairman, said he would be involved "only in the management and development of real estate."

Ford to shed aerospace division

By Roderick Oram in New York

FORD MOTOR confirmed yesterday it was putting its aerospace division up for sale and will use the proceeds to bolster its core automotive and financial service businesses.

The long rumoured decision by the second-biggest US car maker follows Chrysler's announcement last month that it was seeking buyers for its own aerospace subsidiary. General Motors has shown no signs of following suit with its GM Hughes division, against a backdrop of shrinking US defence budgets.

Mr Donald Petersen, Ford Motor's chairman, said: "Ford Aerospace is solidly profitable and has continued to grow. The decision to sell reflects the intention to concentrate our resources on our other businesses."

Ford does not report separately the division's results, but analysts estimate it accounted for about $2.5bn of the group's 1988 revenue of $92.4bn.

The company won contracts worth $1.8bn last year and had an order backlog of about $2bn at the year-end.

Of the three Detroit car companies, Ford has the longest involvement in defence and aerospace work. The division was formed in 1956 and expanded rapidly after Ford bought Philco in 1961. It now has about 17,000 workers.

Products range from missiles and satellites to communications and intelligence systems.

Proceeds from the disposal can be put to good use in Ford's automotive business. The division is under considerable pressure; in last year's third quarter it posted its first quarterly loss on North American vehicle operations since 1982.

The industry as a whole is suffering from excess capacity, declining sales and fierce price wars.

Ford is also experiencing rising costs and possible delays on some crucial programmes to develop replacements for some of its best-selling cars, such as the Ford Taurus and Mercury Sable.

Whirlpool seeks European identity

By Clay Harris

WHIRLPOOL, the world's largest manufacturer of major domestic appliances, yesterday took a first step towards establishing its brand as a household name in Europe. The name Philips Whirlpool will replace Philips on white goods sold by the US company's joint venture with the Dutch electronics group.

The move, to be supported by an ambitious Europe-wide advertising campaign, comes just over a year after Whirlpool paid Fl 1bn ($470m) for a 53 per cent share stake in Philips' world-wide white goods business.

The deal enabled Whirlpool, long the US market leader, to overtake Electrolux of Sweden – Europe's number one – in the global league table.

The Philips name will eventually disappear altogether. It must be relinquished by the end of 1998, although Whirlpool plans to phase it out country by country when it considers its own identity has been sufficiently established.

Mr David Whitwam, Whirlpool chairman, said the company planned to spend an additional $110m on advertising over the next few years. A television campaign beginning next month will use the same commercial in 11 European countries.

He said the Philips Whirlpool brand would attempt to combine the Dutch company's reputation for reliability with the US company's image of innovation. Bauknecht and Ignis will be retained as upmarket and lower-cost brands respectively.

Whirlpool has the right to buy out its Dutch partner for Fl 1bn before the end of 1991, and Philips can oblige it to do so in the final six months of that period. The two companies could, alternatively, decide to continue the joint venture.

Belzbergs join the bidding for Koor

By Hugh Carnegy in Jerusalem

THE BELZBERG brothers of Canada, controllers of a wide range of investments in North America, yesterday became the second foreign group in a week to offer to acquire Koor Industries, Israel's debt-burdened, trade union-owned conglomerate.

They proposed spending between $100m and $150m in a mix of equity and long-term loans to take on a controlling interest in Koor, sagging under debts of nearly $1bn which it says it has insufficient cash flow to service.

Earlier this week a similar approach was made by Shamrock of California, a private company owned by Mr Roy Disney and his wife, which said it believed Koor's diverse set of interests could be turned around.

The Belzbergs' offer is conditional on Koor's creditors agreeing to write-offs totalling more than $230m and a moratorium on some interest, conditions which the group's foreign creditors at least had rejected prior to the sudden appearance of potential outside buyers.

Shamrock's offer also envisaged bank concessions but called for additional contributions from the Israeli Government as well. The Belzberg bid makes no new call on government funds beyond a $50m equity investment previously pledged, making it more attractive to the hard-pressed Finance Ministry.

However, although it yields strong influence in the matter, the Government does not own Koor. The group is the mainstay of Hevrat Ha'ovdim, the holding company of the Histadrut trade union federation. The Histadrut has conceded in principle to give up control in Koor. But it is extremely wary of becoming a victim of asset-strippers and wants to keep a powerful minority stake in the group.

The present ownership and management is likely to be concerned by the Belzbergs' call for exclusivity in negotiations and the fact the offer is based on carrying out due diligence. There are real worries that Koor's predicament is so acute that there simply is not enough time for such a lengthy process.

Spanish broker deal

Caisse Nationale de Crédit Agricole, the French bank, has agreed to buy 35 per cent of Agentes de Bolsa Asociados (ABA), the Spanish brokerage firm, agencies report. ABA is a member of the Madrid and Barcelona stock exchanges.

Another slice of Bond empire sold

By Bruce Jacques in Sydney

BOND Corporation Holdings, the Australian conglomerate battling receivership, has sold another sizeable asset, its Pacific Copper and Rhondda coal and gold interests, for A$198.8m (US$157m).

The buyer is FAI Insurances, formerly the Bond group's biggest Australian-listed creditor, and also the party owed A$179m, secured against the coal and gold assets.

Mr Rodney Adler, FAI chief executive, said yesterday the purchase meant his company's exposure to the Bond group was now limited to a single transaction involving the Emu Brewery site in Perth, on which Bond owes about A$110m.

Mr Adler said the reason for the purchase was the "intrinsic value of the assets," although the businesses were being "negatively impacted" by financial pressures on the Bond group. He said the purchase represented a move away from FAI's core insurance business, but should be a good long-term investment.

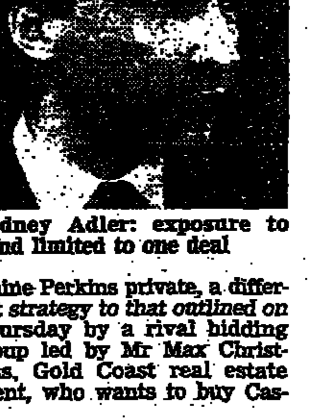
Bond directors yesterday claimed a small profit on the sale and said funds would be used to reduce debt. They cautioned, though, that the deal was subject to pre-emptive rights held by a joint venture partner, Showa Shell, in some open-cut coal mines.

Meanwhile, a list of potential suitors has emerged for Bond's brewing interests, which are in receivership on the petition of a lending syndicate led by the National Australia Bank. Bond is seeking to have the receivership order withdrawn by the Victorian Supreme Court.

A second Queensland-based consortium yesterday declared that it was seeking to buy Bond's Castlemaine Perkins breweries, makers of the XXXX beer brand. The new bidders are being advised by the State Bank of South Australia's investment arm, Campbell Capital, whose spokesman, Mr Thomas Booker, refused to identify the consortium members.

Mr Booker said the consortium aimed to buy only Bond's Queensland brewing operations, but would be willing to buy the rest if necessary. The consortium had been talking to Bond interests since September last year, but was awaiting the result of court action before proceeding.

Mr Booker said the consortium planned to keep Castlemaine Perkins private, a different strategy to that outlined on Thursday by a rival bidding group led by Mr Max Christmas, Gold Coast real estate agent, who wants to buy Castlemaine, then float it publicly.



Rodney Adler: exposure to Bond limited to one deal

Mr Christmas' adviser, ANZ McCaughn's Mr David Williams, said yesterday separate bids were also in the wings for Bond's Tooheys and Swan beer operations. He predicted that some of the intending bidders might join forces over the next 10 days, although no contact had yet been made.

Lion Nathan, the New Zealand brewer, yesterday restated its interest in buying the Bond breweries. Mr Doug Myers, Lion chief executive, said the company still wanted all of Bond's breweries, and believed it had a prior claim.

He added that the Bond breweries had to be kept intact if they were to compete successfully with Australia's other major brewer, Elders IXL. Lion had held talks with the Bond offshoot, Bell Resources, which is also claiming a prior hold on the Bond breweries.

Bank says brewing company backdated accounts

IN THE Victorian Supreme Court yesterday, Mr Graeme Willis, a senior National Australia Bank executive, alleged that backdated entries had been used in the accounts of Bond Brewing Holdings, writes Bruce Jacques.

Under his sixth day of cross-examination, Mr Willis said the June 30 accounts showed an entry of A$108m which should have been entered on May 30. He maintained that when he and one of the Bond Brewing receivers, Mr David Crawford, had visited the company's head office in early September, the entry was not in the accounts.

This caused the bank concern because backdating of such large amounts made it difficult to accept the information provided at face value.

Mr Willis also referred to concern over the "physical whereabouts" of A$200m recorded in the accounts as cash. He said Bond Brewing's failure to deliver audited accounts had dented the bank's confidence. It had received a lot of material, but found it unreliable.

Mr Willis also told the court of a proposal from Bond executives last year to repay immediately A$160m to A$170m of the bank debt through re-direction of royalties from the Bond group's Harriett oil field and sale of its British beer brands to Allied Lyons, of the UK.

The proposal had envisaged full repayment of the bank debt by March 1990.

Enimont power balance may swing to Montedison

By John Wyles in Rome

THE balance of power in Enimont, Italy's public-private chemicals joint venture, could swing decisively in favour of the private sector following the election of two new board members at a shareholders' meeting called for February 5.

This was the main outcome of yesterday's keenly awaited confrontation between the top management of Eni, the state energy group, and Montedison, the chemicals company controlled by Mr Raul Gardini, the Italian businessman.

The expected breach over strategy did not materialise, but it is likely that Enimont's management policy will swing closer to Mr Gardini's priorities, rather than the more politically sensitive objectives of Eni.

An agreement between Eni and Montedison provided for board representatives for the holders of the 20 per cent of Enimont's capital which was floated last September. But the fact that the timing of yesterday's exchanges with Eni's president, Mr Gabriele Cagliari, was of Mr Gardini's choosing suggests he is confident of securing two sympathetic new board members next month.

Flanked by two more representatives of the private sector, Montedison's five directors might then be able to muster a majority in favour of plant closures and against politically influenced investment decisions in favour of the south.

In a subsequent meeting with Consob, the stock exchange regulatory agency, both Eni and Montedison denied they had been buying Enimont shares on the market and that they had been encouraging third parties to do so.

Prompted by Consob, Enimont and its majority shareholders confirmed yesterday that the company's gross operating margin in 1989 was about L2,500bn ($1.9bn) and that consolidated profits would be in line with previous forecasts.

Mr Lorenzo Necci, president, said recently he expected net profits of L900bn on consolidated sales of L15,000bn.

ABB to acquire majority holding in Polish group

By William Dullforce in Geneva

ASEA BROWN BOVERI, the European electrical engineering group, has signed an agreement under which it will acquire a majority holding in Zamech, Poland's biggest manufacturer of steam turbines and other power-plant equipment.

Mr Göran Lundberg, ABB executive vice president, said the demand for new power-plant technology in Poland was considerable. The deal would help Zamech to increase its exports to other markets.

A similar agreement for the privatisation of Dolmel, a generator-producing company at Wroclaw, is also under negotiation.

In each case ABB has made majority control a condition for introducing its technologies. The Polish companies have had, since the 1970s, licensing and supply contracts with Asea and Brown Boveri, the Swedish and Swiss companies which merged to form ABB in January 1988.

Under the memorandum of understanding signed with the Polish authorities, ABB Zamech, a joint venture company, will be formed some time in March.

ABB will own a majority holding from the beginning and will gradually increase its stake. Zamech has 5,000 employees.

Since its formation two years ago, ABB has been the driving force behind the restructuring of the heavy electrical engineering industry both in Europe and the US.

It recently bought Combustion Engineering of the US for $1.6bn.

ABB has annual sales approaching $25bn. At the nine-month stage last year pre-tax earnings totalled $610m.

Last week it announced it had undertaken to invest $45m in the modernisation of Cenemesa, Conelec, Cadmessa, Spain's biggest, loss-making electrical group with 5,200 employees and an annual turnover of about $150m. ABB acquired the assets for a "symbolic" price.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1989/90	Low 1989/90
Gold per troy oz.	$417.75	+13.00	$405.75	$417.75	$356.5
Silver Per troy oz	320.5p	-3.0	333.6p	376.15p	313.90p
Aluminium 99.7% (cash)	$1560.0	-68.5	$2385	$2610	$1560
Copper Grade A (cash)	£1452.5	-78.5	£1869.5	£1982.5	£1452.5
Lead(cash)	£422.5	-12.5	£386	£487.5	£337
Nickel (cash)	$7525.0	-562.5	$16250	$19350	$7525
Zinc (cash)	$1265	-45	$1688	$2107.5	$1265
Tin (cash)	$6690	-110	£4210	$10760	$6440
Cocoa Futures (May)	£659	+20	£807	£947	£623
Coffee Futures (Mar)	£610	-55	£1166	£1270	£610
Sugar (LDP Raw)	$345.0	+7.8	$247.2	$381.0	$235.8
Barley Futures (Mar)	£112.65	-0.65	£111.5	£113.85	£100.95
Wheat Futures (Mar)	£116.65	-0.75	£115.3	£121.65	£104.7
Cotton Outlook A Index	74.75c	-0.25	63.7c	84.95c	61.35c
Wool (64s Super)	573p		710p	710p	573p
Rubber (Spot)	53p	-1	62.5p	64p	53p
Oil (Brent Blend)	$21.25z	-0.70	$16.9	$21.975	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-Feb.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$17.65-7.80w	+0.15
Brent Blend	$21.23-1.27w	+0.20
W.T.I. (1 pm est)	$23.26-3.29w	+0.44
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$217-219	
Gas Oil	$199-200	+5
Heavy Fuel Oil	$102-104	+1
Naphtha	$185-197	+4
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$417.75	+5.25
Silver (per troy oz)♣	539c	+6
Platinum (per troy oz)	$504.90	+6.65
Palladium (per troy oz)	$136.10	+0.45
Aluminium (free market)	$1555	-25
Copper (US Producer)	115⅝-120c	+2
Lead (US Producer)	41.0c	+1.5
Nickel (free market)	350c	-5
Tin (Kuala Lumpur market)	17.90r	-0.19
Tin (New York)	307.5c	+4.5
Zinc (US Prime Western)	68¼c	-2½
Cattle (live weight)†	110.14p	-1.39*
Sheep (dead weight)†	196.81p	-13.7*
Pigs (live weight)†	75.04p	-3.04*
London daily sugar (raw)	$345.0t	-0.6
London daily sugar (white)	$432t	+2
Tate and Lyle export price	£321.5	-1.5
Barley (English feed)	£117	
Maize (US No. 3 yellow)	£129	
Wheat (US Dark Northern)	£130	
Rubber (spot)♥	53p	
Rubber (Feb)♥	55.5p	
Rubber (Mar)♥	56.5p	
Rubber (KL RSS No 1 Feb)	224.5m	+1.0
Coconut oil (Philippines)§	$442.5x	
Palm Oil (Malaysian)§	$290w	
Copra (Philippines)§	$280	
Soyabeans (US)	£171.5	+1.0
Cotton "A" Index	74.75c	+0.90
Wooltops (64s Super)	573p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

CRUDE OIL – IPE $/barrel	Close	Previous	High/Low	
Mar	20.10	20.20	20.35	20.05
Apr	19.50	19.56	19.69	19.49
May	19.12	18.98	19.10	19.00
IPE Index	20.10	20.81		

Turnover: 6215 (14612)

COCOA – London FOX £/tonne	Close	Previous	High/Low	
Mar	642	642	649	634
May	659	654	662	646
Jul	670	666	671	661
Sep	683	682	684	675
Dec	705	701	707	700
Mar	720	717	722	715
May	732	730	734	726

Turnover: 11522 (10267) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 11 773.68 (754.70):10 day average for Jan 12 742.68 (738.39)

COFFEE – London FOX £/tonne	Close	Previous	High/Low	
Jan	589	606	606	584
Mar	610	629	626	607
May	624	641	640	624
Jul	646	657	655	643
Sep	665	673	670	662
Nov	686	695	690	682
Jan	706	710	705	703

Turnover: 5703 (6148) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 11: Comp. daily 63.72 (64.58). 15 day average 63.44 (63.24)

SUGAR – London FOX ($ per tonne)	Close	Previous	High/Low	
Raw				
Mar	322.20	320.60	326.00	319.40
May	322.20	320.60	325.80	319.60
Aug	318.60	317.40	322.00	316.20
Oct	312.20	311.80	315.00	311.40
Dec	303.60	312.20	305.00	
Mar	293.00	293.60	294.00	293.00
May	292.00	289.60	290.80	
White				
Mar	436.5	426.50	436.5	425.0
May	429.5	423.00	430.0	421.5
Aug	425.0	421.20	427.5	420.5
Oct	400.0	397.90	404.0	397.5
Dec	374.0	370.70	377.0	371.5
Mar	371.0	368.70	371.5	369.5

Turnover: Raw 4773 (5848) lots of 50 tonnes. White 3340 (1854)
Paris- White (FFr per tonne): Mar 2500, May 2465, Aug 2470, Oct 2335, Dec 2195, Mar 2135.

GAS OIL – IPE $/tonne	Close	Previous	High/Low	
Feb	192.00	190.25	194.00	190.50
Mar	178.50	179.75	182.00	178.50
Apr	171.00	170.50	172.25	168.00
May	167.25	167.00	170.50	167.00
Jun	167.25	169.00	167.50	165.00
Jul	166.00	164.25	167.00	165.50

Turnover 11431 (10767)lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 6,375 tonne
Cash	1559-61	1562-4		1552-3		
3 months	1568-70	1569-70	1570/1563	1564-5	1570-2	33,180 lots
Copper, Grade A (£ per tonne)						Ring turnover 39,925 tonne
Cash	1452-3	1502-3	1452	1450.5-1.5		
3 months	1462-3	1504-5	1492/1459	1466.5-9.5	1462.5-3	64,459 lots
Lead (£ per tonne)						Ring turnover 16,500 tonne
Cash	422-3	431-3	424.5	424.5-425		
3 months	416-6.5	428.5-9.5	430.5/415	419-20	419-20	9,857 lots
Nickel ($ per tonne)						Ring turnover 732 tonne
Cash	7500-50	7625-75	7575	7560-75		
3 months	7360-70	7450-60	7450/7365	7410-25	7360-70	6,714 lots
Tin ($ per tonne)						Ring turnover 740 tonne
Cash	6680-700	6650-60	6690	6680-90		
3 months	6815-8	6770-90	6818/6750	6790-800	6790-800	5,544 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 19,100 tonne
Cash	1274-5	1308-12	1277/1275	1275-7		
3 months	1273-4	1299-300	1295/1270	1274-5	1270-5	15,215 lots
Zinc ($ per tonne)						Ring turnover 3,650 tonne
Cash	1260-70	1295-305		1260-70		
March 30	1240-50	1270-80		1240-50		1,348 lots

LME Closing £/$ rate:
SPOT: 1.6705 | 3 months: 1.6432 | 6 months: 1.6151 | 9 months: 1.5942

POTATOES – BFE £/tonne	Close	Previous	High/Low	
Feb	145.0	145.0		
Apr	198.5	203.1	202.3	197.0
May	224.0	228.5	226.5	223.0

Turnover 507 (254) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne	Close	Previous	High/Low
Feb	138.00	137.50	138.00
Apr	139.00	138.50	139.00
Jun	137.00	136.00	136.00

Turnover 46 (0) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point	Close	Previous	High/Low	
Jan	1680	1678	1685	1677
Feb	1692	1690	1700	1690
Apr	1696	1694	1703	1691
Jul	1440	1439	1441	1437
BFI	1658	1655		

Turnover 291 (263)

GRAINS – BFE £/tonne	Close	Previous	High/Low	
Wheat				
Jan	113.65	113.40	113.55	113.50
Mar	116.65	116.50	116.70	116.40
May	120.60	120.40	120.60	120.30
Jun	122.00	122.00	122.00	
Sep	106.00	105.85		
Nov	109.00	109.00	109.00	
Barley				
Jan	110.80	110.65	110.80	110.75
Mar	112.65	112.45	112.65	112.50
May	114.65	114.40		

Turnover: Wheat 349 (344), Barley 30 (82).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg	Close	Previous	High/Low
Feb	104.0	105.5	104.0
Apr	107.0	107.5	106.5
Jun	107.0	108.0	

Turnover 272 (71) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	417½-418	250-250½
Opening	414-414½	249¼-249¾
Morning fix	413.9	248.992
Afternoon fix	416.25	249.476
Day's high	417½-418	
Day's low	413¼-413¾	

Coins	$ price	£ equivalent
Mapleleaf	428-433	256-259
Britannia	428-433	256-259
US Eagle	428-433	256-259
Angel	425½-430½	255-258
Krugerrand	416-419	249-251
New Sov.	98-99½	58½-59½
Old Sov.	98-99½	58½-59½
Noble Plat	510.95-519.05	306.5-311.35

Silver fix	p/fine oz	US cts equiv
Spot	320.50	533.25
3 months	332.60	544.30
6 months	344.35	554.85
12 months	367.50	577.05

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1450	122	127	4	12
1550	48	61	29	43
1650	12	23	90	102
Copper (Grade A)	**Calls**		**Puts**	
2300	137	142	26	62
2400	75	91	63	106
2500	35	54	122	169
Coffee	**Mar**	**May**	**Mar**	**May**
600	25	45	15	21
650	7	21	47	47
700		13		89
Cocoa	**Mar**	**May**	**Mar**	**May**
600	49	74	8	15
650	20	43	29	34
700	6	22	65	63
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1950		74	38	70
2000	64	55	51	
2050	38		78	

US MARKETS

A RISE in producer prices helped to rally the precious metals, reports Drexel Burnham Lambert. February gold reached a high of 419.80 before closing slightly lower. Silver and platinum held gains. In the softs, sugar posted small gains after sideways action was seen for most of the day. Heavy volume was noted. Coffee prices fell sharply from speculative selling. Profit taking eased the cocoa after posting strong advances on Thursday. All of the grains had active sessions due to Thursdays crop reports. Prices rose early in the day reflecting the bullish reports, but profit taking later on sent the soy complex and wheat lower. Corn futures held gains to close at 242¼ up 3¾ basis March. The livestocks had a limit down move in the bellies, but volume was only moderate. Live hogs and cattle were also down due to the weak belly market. Orange juice soared 12 cents basis January. Thursdays crop report stated heavy damage to 40 million boxes. Cotton trading was mixed with prices closing down on the day. A neutral to bearish report was noted.

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jan	413.2	414.0	0	0
Feb	414.7	415.6	419.8	414.0
Mar	417.2	418.0	0	0
Apr	420.1	420.8	420.5	419.0
Jun	425.1	426.0	425.5	421.0
Aug	429.8	430.5	433.0	432.0
Oct	434.7	435.4	437.5	437.2
Dec	439.7	440.4	444.4	444.0
Feb	444.9	445.8	449.0	445.0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	500.5	496.1	502.5	499.0
Apr	507.5	503.6	514.6	506.0
Jul	514.2	510.2	521.0	515.5
Oct	521.6	517.7	527.0	521.0
Jan	529.0	525.1	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jan	533.0	530.6	0	0
Feb	534.7	532.4	537.0	537.0
Mar	539.6	536.5	544.5	538.6
May	547.0	544.6	552.0	546.5
Jul	555.1	552.5	560.5	554.0
Sep	563.6	560.7	566.0	566.5
Dec	575.3	572.0	580.0	575.0
Jan	578.8	575.5	0	0
Mar	587.3	583.7	590.0	589.0
May	595.1	591.5	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan 12	Jan 11	mnth ago	yr ago
1808.6	1811.0	1810.9	1973.0

DOW JONES (Base: Dec. 31 1974 = 100)	Jan 11	Jan 10	mnth ago	yr ago
Spot	128.56	127.88	127.88	140.60
Futures	131.44	130.86	130.26	143.49

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	106.70	109.80	108.40	106.00
Feb	106.30	109.50	107.00	106.00
Mar	105.90	109.20	108.20	105.00
Apr	105.10	108.00	106.40	105.25
May	104.30	107.25	105.90	103.80
Jun	103.50	106.50	104.50	103.50
Jul	102.90	105.55	104.00	102.60
Aug	102.30	104.70	102.50	102.00
Sep	101.70	103.85	102.65	101.20
Oct	101.30	103.35	101.60	101.50

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Feb	23.34	23.14	23.40	23.04
Mar	22.21	22.17	22.33	21.96
Apr	21.59	21.62	21.73	21.36
May	21.10	21.16	21.24	20.90
Jun	20.68	20.75	20.80	20.49
Aug	19.90	20.08	20.10	19.89
Sep	19.70	19.83	19.89	19.62
Oct	19.55	19.64	19.70	19.55
Nov	19.40	19.51	19.57	19.35

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Feb	7030	6932	7050	6870
Mar	6335	6322	6400	6210
Apr	5895	5896	5930	5790
May	5640	5668	5686	5585
Jun	5490	5513	5560	5430
Jul	5450	5468	5475	5395
Aug	5462	5523	5525	5462

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	987	1006	1012	985
May	981	998	1003	978
Jul	991	1010	1014	990
Sep	1008	1026	1028	1008
Dec	1030	1042	1045	1030
Mar	1050	1057	1057	1044
May	1055	1070	1071	1055

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	79.04	81.60	81.00	78.70
May	80.75	83.25	82.25	80.60
Jul	82.63	84.90	84.00	82.60
Sep	84.86	86.95	86.00	84.60
Dec	87.25	89.45	88.60	87.25
Mar	90.00	92.03	91.50	90.00
May	91.50	93.63	93.60	93.60

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	14.58	14.62	14.76	14.49
May	14.55	14.51	14.73	14.48
Jul	14.41	14.33	14.54	14.29
Oct	14.09	14.08	14.20	13.97
Mar	13.38	13.42	13.54	13.38
May	13.13	13.33	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	66.15	66.65	68.30	65.25
May	67.24	67.70	69.00	66.35
Jul	67.55	67.75	69.05	66.32
Oct	65.47	65.55	65.74	64.80
Dec	64.12	64.20	65.15	63.80
Mar	64.90	64.85	0	0
May	65.65	65.70	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	197.50	185.50	198.00	192.00
Mar	193.50	188.50	193.50	193.50
May	192.75	187.75	192.75	192.75
Jul	192.00	187.00	192.00	192.00
Sep	191.15	186.15	191.15	191.15
Nov	190.00	185.00	190.00	190.00
Jan	184.75	179.75	184.75	184.75
Mar	184.75	179.75	0	0
May	184.75	179.75	184.75	184.75

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jan	565/4	569/6	574/4	565/0
Mar	577/6	582/0	586/4	576/4
May	581/2	595/4	599/6	590/4
Jul	603/2	607/2	611/4	602/0
Aug	607/6	609/4	614/0	605/6
Sep	608/0	609/4	613/0	607/0
Nov	613/6	614/2	617/0	611/4
Jan	623/0	623/0	626/0	621/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jan	19.17	19.31	19.40	19.10
Mar	19.40	19.59	19.74	19.39
May	19.75	19.93	20.08	19.73
Jul	19.98	20.16	20.26	19.95
Aug	19.95	20.16	20.22	19.85
Sep	20.00	20.18	20.21	20.00
Oct	20.02	20.20	20.20	20.02
Dec	20.20	20.32	20.50	20.20

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jan	178.6	178.8	180.5	176.5
Mar	178.0	179.3	180.8	177.8
May	179.1	179.9	181.5	179.0
Jul	181.5	182.2	183.0	181.3
Aug	182.7	182.9	184.0	182.7
Sep	184.0	184.2	185.1	184.0
Oct	185.0	184.7	186.2	185.0
Dec	187.7	186.7	188.0	186.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Mar	242/2	238/4	244/0	241/2
May	248/4	244/4	249/0	247/2
Jul	253/2	249/2	254/0	252/0
Sep	251/0	247/0	251/6	250/0
Dec	249/4	245/6	250/0	248/2
Mar	256/0	251/6	256/0	254/2
May	259/4	255/6	259/4	258/4

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	401/4	404/6	407/4	400/4
May	382/0	384/4	387/4	381/4
Jul	357/6	357/0	362/0	357/2
Sep	362/0	362/0	367/0	362/0
Dec	373/0	373/0	377/4	373/0
Mar	378/0	378/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	77.20	77.52	78.00	76.90
Apr	76.42	76.62	76.95	76.17
Jun	71.57	71.82	72.20	71.55
Aug	71.17	71.47	71.85	71.15
Oct	71.85	71.95	72.35	71.65
Dec	72.60	72.92	73.20	72.60

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Feb	50.67	51.27	51.32	50.52
Apr	47.77	48.40	48.55	47.80
Jun	52.40	52.86	53.00	52.25
Jul	52.57	52.97	53.17	52.35
Aug	50.85	51.22	51.40	50.77
Oct	45.42	45.92	45.95	45.40
Dec	47.00	47.37	47.55	46.80

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	55.47	57.47	57.87	55.47
Mar	55.82	57.82	58.35	55.82
May	57.10	59.10	59.40	57.10
Jul	57.22	59.22	59.50	57.22
Aug	55.37	57.32	57.35	55.32
Feb	58.77	58.42	58.00	56.77
Mar	58.40	58.40	0	56.40

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down despite high PPI

ATTENTION was back towards the dollar yesterday as the D-Mark ended the week on a quiet note. The tone of the dollar was weaker as foreign exchanges ignored a higher than expected US producer price index (PPI) in December. This rose 0.7 per cent, after falling 0.1 per cent in November. The market expected a gain of about 0.5 per cent, but was more influenced by a sharp fall in equity prices on Wall Street. A rise of 0.2 per cent in US retail sales was in line with expectations and had no impact.

Analysts suggested the producer price rise was the result of upward pressure on a relatively small number of items, including tobacco and car prices. It did not change the view that the US economy is slowing down and that the Federal Reserve will continue to ease its monetary stance.

Federal funds were trading at 8⅛ per cent - below the assumed official target of 8¼ per cent - when the Fed drained money from the New York banking system yesterday. The action was described by economists as technical, with no implications for monetary policy.

At the close of trading in London the dollar had fallen to DM1.6785 from DM1.6830; to SFr1.4940 from SFr1.5195; to FFr5.7150 from FFr5.5300; and to Y145.30 from Y145.40. On Bank of England figures the dollar's index declined to 66.8 from 67.0.

Earlier in Tokyo the dollar rose to Y145.35 from Y145.25, but finished below the previous New York close of Y145.45, following further intervention to support the yen by the Bank of Japan. The central bank sold dollars at around Y145.50. The D-Mark rose to Y86.56 from Y86.40 against the yen in Europe, but dealers noted that the West German currency had not broken through the Y87.00 level attacked earlier in the week.

The Italian lira remained at the top of the European Monetary System, and was sold against the dollar, D-Mark and Ecu by the Bank of Italy at the Milan fixing.

Sterling benefitted from the return to favour of high yielding currencies. The pound gained 1.35 cents to $1.6705. It also advanced to DM2.8050 from DM2.7875; to FFr9.5475 from FFr9.4950; and to Y242.75 from Y241.00, but fell to SFr2.4950 from SFr2.5175 against the strong Swiss franc. According to the Bank of England, sterling's index rose 0.3 to 88.3.

The Swiss franc was supported by Thursday's comments by Mr Markus Lusser, president of the Swiss National Bank, that the franc was at a critical low and interest rates would stay high. This led to a liquidation of long D-Mark positions, with the German currency falling to SFr0.8926 from SFr0.9012 at the Zurich close.

£ IN NEW YORK

Jan.12	Latest	Previous Close
£ Spot	1.6685-1.6695	1.6585-1.6595
1 month	0.98-0.97pm	0.95-0.93pm
3 months	2.67-2.64pm	2.74-2.72pm
12 months	9.10-9.00pm	9.43-9.36pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.12	Previous
8.30 am	88.1	87.9
9.00 am	88.1	87.9
10.00 am	88.2	87.9
11.00 am	88.2	87.9
Noon	88.2	87.9
1.00 pm	88.2	88.0
2.00 pm	88.2	88.0
3.00 pm	88.2	88.0
4.00 pm	88.3	88.0

CURRENCY RATES

Jan.12	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.25361	1.37591
U.S Dollar	7	1.32067	1.20902
Canadian $	12.46	1.52775	1.39787
Austrian Sch.	6½	15.6354	14.3111
Belgian Franc	10¼	46.6824	42.6572
Danish Krone	10½	8.63586	7.88582
Deutsche Mark	6.00	2.22427	2.03357
Neth.Guilder	7.00	2.50993	2.29326
French Franc	10¼	7.57602	6.92404

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6550-1.6720	1.6700-1.6710	0.95-0.93cpm	6.75	2.75-2.72pm	6.55
Ireland†	1.5660-1.5765	1.5730-1.5740	0.51-0.46cpm	3.69	1.43-1.33pm	3.50
Canada	1.1545-1.1580	1.1560-1.1570	0.39-0.42cdis	-4.20	1.10-1.17dis	-3.93
Netherlands	1.8825-1.9015	1.8920-1.8930	0.09-0.11cdis	-0.64	0.28-0.31dis	-0.62
Belgium	35.00-35.40	35.10-35.20	5.50-8.00cdis	-2.30	16.00-23.50dis	-2.24
Denmark	6.48-6.53½	6.49¾-6.50¼	2.10-2.30oredis	-4.06	6.00-6.50dis	-3.85
W. Germany	1.6695-1.6855	1.6780-1.6790	0.05-0.03pfpm	0.29	0.01pm-0.02dis	-0.04
Portugal	147.90-148.40	147.90-148.40	90-110cdis	-8.09	310-390dis	-9.44
Spain	108.60-109.85	109.35-109.45	60-70cdis	-6.27	190-200dis	-7.15
Italy	1246½-1256¼	1251¾-1252¼	4.40-5.00liredis	-4.52	13.30-14.80dis	-4.50

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
87	3-44	5-00	0-12	0-24
88	2-53	4-11	0-21	0-35
89	2-00	3-26	0-32	0-50
90	1-24	2-45	0-56	1-05
91	0-56	2-08	1-24	1-32
92	0-33	1-40	2-01	2-00
93	0-20	1-14	2-52	2-38
94	0-12	0-57	3-44	3-17

Estimated volume total, Calls 1480 Puts 672
Previous day's open int. Calls 17801 Puts 10020

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
94	3-21	3-46	0-07	0-42
95	2-28	3-01	0-14	0-61
96	1-40	2-25	0-26	1-21
97	0-63	1-54	0-49	1-50
98	0-34	1-25	1-20	2-21
99	0-19	1-02	2-05	2-62
100	0-12	0-47	2-62	3-43
101	0-07	0-33	3-57	4-29

Estimated volume total, Calls 586 Puts 700
Previous day's open int. Calls 2621 Puts 1455

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
8800	1.79	2.35	0.18	0.52
8850	1.40	2.00	0.29	0.67
8900	1.04	1.69	0.43	0.86
8950	0.75	1.40	0.64	1.07
9000	0.52	1.15	0.91	1.32
9050	0.35	0.93	1.24	1.60
9100	0.22	0.74	1.61	1.91
9150	0.14	0.58	2.03	2.25

Estimated volume total, Calls 3188 Puts 4785
Previous day's open int. Calls 30466 Puts 28317

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike Price	Calls-settlements Feb	Mar	Puts-settlements Feb	MAR
140	26.75	26.75	0	0
145	21.75	21.75	0	0.02
150	16.75	16.75	0.02	0.12
155	11.75	11.75	0.15	0.51
160	6.75	6.75	0.74	1.54
165	3.10	3.39	2.38	3.57
170	1.14	1.53	5.42	6.71

LIFFE EURODOLLAR OPTIONS £1m points of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
9100	0.99	1.05	0.01	0.05
9125	0.75	0.56	0.02	0.08
9150	0.52	0.65	0.04	0.12
9175	0.31	0.46	0.08	0.18
9200	0.17	0.31	0.19	0.28
9225	0.08	0.20	0.35	0.42
9250	0.03	0.12	0.55	0.59

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
8425	0.93	1.78	0.05	0.09
8450	0.72	1.56	0.09	0.12
8475	0.52	1.35	0.14	0.16
8500	0.34	1.15	0.21	0.21
8525	0.22	0.96	0.34	0.27
8550	0.14	0.78	0.51	0.34
8575	0.09	0.62	0.71	0.43

	Close	High	Low	Prev.
Mar	91.98	92.03	91.87	91.97
Jun	92.03	92.03	91.96	92.04
Sep	91.94	91.99	91.89	91.97
Dec	91.69	91.69	91.66	91.73
Mar	91.59	91.58	91.58	91.63
Jun	91.49			91.53
Sep	91.45			91.49
Dec	91.38			91.41

Est. Vol. (inc. figs. not shown) 9733 (3658)
Previous day's open int. 31033 (30718)

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.6672	0.6686	0.6630	0.6623
Jun	0.6655	0.6675	0.6638	0.6613
Sep	-	0.6655	-	0.6606
Dec	-	0.6635	-	0.6604

Mar	91.57	91.58	91.55	91.60
Jun	91.47	91.47	91.45	91.50
Sep	91.43	91.43	91.41	91.46
Dec	91.36	91.36	91.35	91.39

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Mar	346.50	348.00	344.00	351.85
Jun	351.00	351.90	349.50	355.95
Sep	355.00	355.00	354.00	359.90

LONDON TRADED OPTIONS

IT WAS a day of frenzied trading yesterday for the London Traded Options Market as London equities slid alongside a drop in Tokyo and on Wall Street. The market was busiest in the afternoon when New York opened in a bearish mood after unfavourable producer price and retail price figures.

As investors rushed to hedge their falling stocks, volume rose to 51,791 contracts with trading split almost equally between puts and calls – 26,613 call options changed hands and 25,178 puts.

The FT-SE 100 index option saw its highest level of activity for some time, trading 13,829 lots as the underlying index dropped 37 points. Business was concentrated in puts with 9,270 lots changing hands, compared with 4,559 calls. The busiest series was the January 2,350 put which traded 1,209 contracts.

GEC was the most active stock option, following favourable reports about the company and broker buy recommendations. The option traded 2,893 lots, of which 1,509 were calls. The busiest series in the option was the August 220 put, with 1,109 contracts changing hands.

The second busiest equity option was Shell Transport & Trading which saw a turnover of 2,373 lots, equally split between 1,035 puts and 1,338 calls. The busiest series was the April 460 call which traded 673 lots.

British Petroleum saw some large trades which accounted for 2,084 contracts, most of which were calls with 1,682 traded. The April 330 call saw trading of 1,035 lots.

As the fourth most active stock option, Hanson traded 1,881 lots of which 1,411 were call options.

The August 220 call was the most active series with 858 lots traded. Exchange open-interest rose to 833,795 on Thursday with the FT-SE 100 index accounting for open interest of 102,502 lots.

Option		Calls Jan	Apr	Jul	Puts Jan	Apr	Jul
Allid Lyons (*508)	460	50	72	80	1	6	13
	500	16	44	53	7	18	25
	550	1½	18	30	45	47	50
ASDA (*118)	110	12	17	22	2½	6	1
	120	4	13	18	6	12	15

Option		Calls Jan	Apr	Jul	Puts Jan	Apr	Jul
Storehouse (*120)	120	4	13	17	4½	10	12
	130	2	9	-	13	15	-
Trafalgar (*362)	360	-	33	42	-	21	30
	377	5	-	-	19	-	-

Option		Calls Jan	Mar	May	Puts Jan	Mar	May
Polly Peck (*401)	390	18	39¼	53½	4	15¼	21½
	420	4	22½	36½	21¼	31¼	37
Thames Water (*156)	140	18	20	25	1	2	6
	160	3	8½	13	7	12	13
	180	1	3	6	25	25	25

MONEY MARKETS

UK rates easier

RATES SETTLED down in London yesterday, after the recent upward trend. Three-month interbank was quoted at $15\frac{1}{16}$-$15\frac{1}{16}$ against $15\frac{1}{16}$-15¼ per cent, and 12-month eased to 14⅞-14¾ from $14\frac{15}{16}$-$14\frac{13}{16}$ per cent.

The Bank of England initially forecast a money market credit shortage of £400m, but revised this to £500m at noon. Help of only £282m was provided. Before lunch the authorities bought £267m bank bills outright in band 2 at 14⅞ per cent. No bills were purchased in the afternoon, but late assistance of around £15m was given.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £889m, with a rise in the note circulation absorbing £380m, and bank balances below target £20m. These outweighed Exchequer transactions adding £390m to liquidity.

On Liffe March short sterling was little changed, rising to 85.13 from 85.12 on Thursday.

UK clearing bank base lending rate 15 per cent from October 5

LONDON MARKETS

a Annualised dividend. b Figures based on prospectus estimates d Dividend rate paid or payable on part of capital, cover based on dividend on full capital g Assumed dividend and yield. q Earnings based on preliminary figures s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989 k Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90 Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates W Pro Forma figures. ♥ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". † Introduction §Placing price. †† Reintroduction. ♦ Unlisted securities market. ‡ Third Market.

TRADITIONAL OPTIONS

- First Dealings Jan 8
- Last Dealings Jan 19
- Last Declarations Apr 5
- For settlement Apr 17

For rate indications see end of London Share Service

Calls in Amstrad, Cookson, De Beers, Durham (DG), Eurotunnel Units, Ibstock Johnsen, Queens Moat Houses, Platignum, Polymark and Tuskar Res. Put in Brent Walker.

WORLD STOCK MARKETS

US MARKETS (3pm)

January 12	US$	+ or −
AAR	33⅞	−½
AMCA	3½	−⅛
AMR Corp	54⅞	−1½
ASA	61½	+⅛
AVX Corp	34	−⅜
Abbott Labs	67⅛	−1
Acme Cleveland	10⅞	−⅛
Adobe Res	13⅛	.....
Advanced Micro	7½	−⅛
Aetna Life	55	−1¼
Affil Publ.	11	−⅜
Ahmanson (H.F.)	17⅝	−½
Air Prod & Chem	48⅞	−1¼
Alberto-Culver	46⅞	−⅞
Albertson s	54⅞	−⅝
Alcan Aluminium	22⅞	−⅛
Alco Standard	33½	−½
Alexander & Al	29⅜	−1
Alex Baldwin	34½	−⅛
Allegheny Power	40⅞	−⅜
Allied Signal	35	−⅞
Aluminium Co of Am	74	−1⅛
Amax	25⅜	+⅛
Amdahl Corp	14½	−⅛
Amerada Hess	40⅞	−⅜
Am Brands	65	−1
Am Cyanamid	53¼	−1
Am Elect Power	31¼	−⅝
Am Express	33⅛	−⅝
Am Family	16⅝	−⅜
Am Gen Corp	31⅛	−⅛
Am Greetings	33⅝	−2⅛
Am Home Prod	105⅛	−2⅜
Am Intl Group	97¼	−2
Am National Insce.	34½	−⅞
Am Petrofina	82	+⅛
Am Stores	59⅛	−⅜
Am T & T	43½	−⅞
Ameritech	60⅞	−1⅛
Ames Dept Stores	7⅛	.....
Ametek Inc	12⅞	−⅛
Amoco Corp	52⅛	−⅜
AMP	43¼	−1⅛
Analog Devices	8⅝	−⅜
Anheuser-Busch	37⅛	−½
Aon Corp	39⅞	−½
Apple Computers	34¼	−¼
Archer Daniels	21⅝	−½
Aristech Chem	18⅝	−⅜
Arkla	24⅞	−⅝
Armco	10⅞	−⅛
Armstrong World	36½	−⅝
Asarco	32	−⅝
Ashland Oil	38⅞	−⅛
Atlantic Rich	108⅝	−⅝
Auto Data Pro	48⅛	.....
Avantek	3⅜	−⅛
Avery International	30⅞	−⅛
Avnet	29⅛	−½
Avon Prod	33⅛	−1⅛
Balmco Corp	17¼	−⅛
Baker Hughes	25	−⅛
Ball Corp	34	.....
Bally	12⅞	−⅛
Balt Gas & Elec.	31⅞	−⅛
Banc One	31¼	−1⅜
Bandag	83	−1
BankAmerica	26½	−1⅜
Bank of Boston	17	−1⅛
Bank of N. Eng.	7⅜	−⅛

January 12	US$	+ or −
Copperweld	12⅞	−⅛
Corestates Finl	42⅞	−½
Corning Glass	43⅛	−⅞
Corroon & Black	36⅝	−1⅛
Crane	23⅞	−⅛
Cray Research	36⅝	−⅜
Crown Cork	53⅞	−⅜
Cummins Eng	49½	−1⅛
Curtiss-Wright	57	−⅛
Cyprus Minerals	26⅛	−⅜
DSC Comms	15⅜	−⅜
Daisy Systems	⅛	.....
Dana	33⅛	−⅞
Data Gen	11⅛	−½
Datapoint	3⅜	−⅛
Dayton Hudson	64⅛	−1⅜
Deere	63	−1
Delmarva Pwr & L	20	−½
Delta Air	66	−⅞
Deluxe Corp	33	−⅜
Detroit Edison	24⅛	−⅜
Diebold	40⅛	−½
Digital Equip	85⅛	−2½
Dillard Dept St	70⅛	−1⅜
Disney (Walt)	110	−3
Dominion Res	45½	−½
Donnelley (R.R)	49⅛	−⅛
Dover Corp	34⅞	−1⅛
Dow Chemicals	69⅞	−1
Dow Jones	31⅞	−1⅛
Dravo	15⅜	−⅛
Dresser	43⅞	−1½
Duke Power	53⅛	−1⅛
Dun & Bradstreet	44	−1
Du Pont	123⅜	−2⅛
Duquesne Light	22⅜	−⅛
E G & G	34⅜	−⅜
E-Systems	29⅜	−⅜
Eastern Gas & F	32⅛	−1
Eastman Kodak	40⅝	−1⅛
Eaton	53⅛	−1
Echlin Inc.	14⅛	−⅛
Emerson Elect	39⅞	−1⅛
Engelhard Corp	22⅛	−⅛
Enron Corp	55⅛	−1⅛
Enserch	25	−½
Enstar	2½	−⅛
Entergy Corp	22⅛	−⅛
Ethyl	26	−⅞
Exxon	48	−1
FMC	37⅝	−⅜
FPL	33½	−⅜
Fedders	13½	−⅛
Federal Express	46½	−⅜
Federal Mogul	20⅞	−½
Fed Nat Mort	36⅝	−⅛
Fed Paper Brd	24⅛	−⅛
Fieldcrest C'non	20⅝	−⅜
Firemans Fd Cp	34⅞	−1
First Bk Systems	15½	−⅛
First Chicago	35⅛	−1
First Executive	7⅜	−⅛
First Fid Bancorp	23⅛	−½
First Interstate	42	−⅞
First Mississippi	14⅞	−⅜
First Penn	16⅛	−⅛
First Union	16⅛	−⅜
First Wachovia	40⅞	−⅝

January 12	US$	+ or −
Jaguar Adr	14	+⅛
James River Va	27⅝	−1¼
Jeffn Pilot	40¼	−⅛
Johnson Controls	31	−⅜
Johnson & Jns	57½	−1⅛
K Mart	34⅞	−1⅛
Kaneb Services	5¼	−⅛
Kellogg	65⅝	−⅛
Kennametal	30⅞	−1⅛
Kerr-Mcgee Corp	48⅛	−⅛
KeyCorp	25⅜	−1⅛

INDICES

NEW YORK

DOW JONES	Jan 11	Jan 10	Jan 9	Jan 8	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2760.67	2750.64	2766.00	2794.37	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	92.84	92.83	92.81	92.89	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1165.72	1164.30	1176.21	1178.34	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	225.67	224.66	223.78	225.67	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2783.28 (2772.82) Low 2748.29 (2725.47)

STANDARD AND POOR'S

	Jan 11	Jan 10	Jan 9	Jan 8	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	348.53	347.31	349.62	353.79	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	400.57	399.15	401.54	406.09	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	30.75	30.62	30.93	31.41	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	192.78	192.12	193.35	195.33	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	379.35	378.29	380.44	381.62	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	448.86	450.70	456.77	458.71	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Jan 5	Dec 29	Dec 15	year ago (approx.)
Dow Industrial Div. Yield	3.84	3.87	3.89	3.66

	Jan 10	Jan 3	Dec 27	year ago (approx.)
S & P Industrial div. yield	2.94	2.86	2.95	3.21
S & P Indl P/E ratio	14.80	15.19	14.74	13.23

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Citicorp	2,940,500	27½	+ ⅛
Fannie Mae	2,933,800	37⅛	+ 1½
Oxy Pete	2,101,900	29⅛	− ⅛
Utd Telecom	2,096,300	35⅛	+ ⅞
Philip Morris	2,064,200	40	+ ⅛
Service Merch	1,953,100	8	− ⅛
Germany Fd	1,772,500	25⅛	+ 1
Prime Motor	1,756,300	17	− 2⅞
AMR Corp	1,690,600	56⅛	+ ⅛
Phil. Elect.	1,655,900	8	− ⅛

TRADING ACTIVITY

† Volume (Millions)	Jan 11	Jan 10	Jan 9
New York	154,390	175,990	155,210
Amex	10,908	13,230	10,692
NASDAQ	(u)	143,886	131,130
Issues Traded	1,964	1,967	1,968
Rises	877	484	548
Falls	570	1,036	959
Unchanged	517	447	461
New Highs	51	40	53
New Lows	28	35	20

CANADA

TORONTO	Jan 11	Jan 10	Jan 9	Jan 8	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3340.48	3325.17	3344.40	3359.21	3919.2 (1/9/89)	3207.5 (3/1/89)
Composite	3941.70	3941.56	3952.35	3971.07	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1994.01	1998.41	2012.26	2022.39	2069.68 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 12	Jan 11	Jan 10	Jan 9	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1713.7	1695.5	1689.7	1690.6	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	869.2	853.9	848.1	849.7	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	581.75	577.10	572.73	568.13	581.75 (12/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6599.43	6577.00	6548.90	6564.14	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	369.28	369.26	367.31	364.79	369.28 (12/1/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	626.1	626.0	617.7	610.3	815.8 (18/4/89)	560.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	546.7	542.4	542.8	545.1	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1968.65	1992.69	1970.38	1970.28	-	-
GERMANY						
FAZ Aktien (31/12/58)	776.71	768.50	767.44	776.08	776.71 (12/1/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2286.2	2268.5	2265.6	2290.7	2291.3 (3/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1855.66	1855.83	1839.63	1865.94	1869.66 (3/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2835.94	2855.52	2868.00	2822.16	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1859.05	1866.93	1857.64	1863.05	1866.93 (11/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	706.92	707.41	705.63	702.83	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	37516.77	38170.13	37696.51	37951.46	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2786.47	2814.13	2793.80	2817.24	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4078.60	4052.59	4009.22	3962.47	4078.60 (12/1/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite	587.95	592.90	587.83	583.30	592.90 (11/1/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	256.0	261.8	261.5	263.5	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	196.4	200.9	200.6	202.1	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	734.85	751.87	737.04	734.29	751.87 (11/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1099.50	1107.78	1120.23	1121.70	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore	430.88	433.24	432.80	430.03	433.24 (11/1/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	2206.0	2214.0	2158.0	2168.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	3006.0	3000.0	2982.0	2967.0	3006.0 (12/1/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	903.11	903.27	911.47	920.21	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	295.27	296.16	297.22	298.41	328.95 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P (31/12/56)	4558.1	(u)	4561.9	4542.8	4660.3 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	783.6	787.2	781.7	777.3	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	10588.56	10134.97	9868.82	9805.40	10773.11 (25/9/89)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	897.31	888.72	912.18	909.95	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	561.6	560.1	563.2	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Jan. 6: Taiwan Weighted Price: 9927.06 Korea Comp Ex. 912.86

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow plunges 53 points on signs of inflation rise

Wall Street

SIGNS that the hoped-for soft landing of the US economy was turning into stagflation shocked Wall Street yesterday morning and wiped out the price gains notched up in the new year rally, *writes Anatole Kaletsky in New York.*

Both equity and bond markets fell sharply from the first moments of trading, responding to a big jump in the producer price index combined with weakness in retail sales. These hit a market which already looked vulnerable following the steep, overnight fall in Tokyo.

The Dow Jones Industrial Average fell 50 points within the first hour of trading, before finding technical support in the Chicago futures market just above the 2,710 level. Most equity prices stabilised around 10.30 am and the Dow drifted for the rest of the morning between 2,710 and 2,720.

At 2 pm, the Dow stood at 2,707.76, down 52.91. It had advanced 10.03 on Thursday in a recovery attempt which many analysts had described as disappointing. The losses were widespread, as declining shares outnumbered gainers by almost 10 to one on the New York Stock Exchange. Volume remained moderate, with 106m shares changing hands.

The bond market hit its worst level since early October after the Treasury's benchmark long bond fell ¾ to 99⅔, a price at which it yielded 8.17 per cent. The decline was attributed to a combination of sharp overnight falls in bond prices in Tokyo and the worse-than-expected inflation figures.

The Labor Department reported that the producer price index increased by 0.7 per cent in December, substantially more than the consensus forecast of 0.5 per cent. An even greater disappointment was the 0.6 per cent jump in the PPI index excluding the volatile food and energy components. This high rate of inflation was seen as precluding any further easing by the Federal Reserve, at least for the time being.

Although Federal Funds traded throughout the morning at about 8¼ per cent, somewhat below the Fed's perceived target of 8¼ per cent, the central bank confirmed an unchanged monetary policy when it drained funds from the money market through matched sales.

In the equity market, selling pressures engulfed virtually all of the blue chips, although the heaviest trading tended to be in growth stocks which had led the market's recent advance. Philip Morris saw the day's most active trading as it fell $¾ to $39⅛. General Electric was another very active stock, losing $1 to $63⅜.

The technology sector also sustained big losses, in spite of the recent improvement in investor sentiment towards some of these stocks. Digital Equipment fell $1⅛ to $86⅝.

Only gold shares, as a class, proved immune to the selling. Homestake Mining advanced $⅜ to $22⅛. Individually, one of the few leading stocks that showed a morning gain was Rorer, the pharmaceutical group, which has been subject to vague takeover speculation; it advanced $1⅛ to $50⅜.

Elsewhere, Paramount fell $1⅛ to $46¾; it is considering a $1bn acquisition in the record industry. One of the day's biggest losers was Philips Industries, a manufacturer of recreational vehicles; after a leveraged buy-out effort by Merrill Lynch collapsed, the stock fell $2⅛ to $15⅜.

Canada

A SHARP fall in Toronto by midday left the composite index 48.9, or 1.2 per cent, lower at 3,892.8 on volume of 27m shares. Declines led advances by 378 to 179, and even most of the gold stocks, which had risen strongly this week, eased a little.

Campeau Corp fell 50 cents to C$2.60 after Mr Robert Campeau, chairman, gave up control of all US retail assets.

SOUTH AFRICA

GOLD SHARES eased slightly in spite of a firmer bullion price, but Johannesburg industrials held firm, with the sub-index edging up to another high of 3,006.

EUROPE

Losses overseas highlight fragile state of nerves

ALL BUT the smallest bourses were undermined by jitters abroad, as Wall Street's sharp fall compounded the effect of losses in Tokyo and London, *writes Our Markets Staff.*

PARIS demonstrated its fragility, reversing Thursday's 1 per cent rise after the plunge in Tokyo and, later, New York. In an active session, the CAC 40 index finished 24.24 lower at 1,968.65, having dropped from a morning high of 1,996. This left it 1.3 per cent weaker than on the previous Friday.

Slight falls by midsession were accelerated by the stronger-than-expected rise in the US producer prices figures and Wall Street's nervous reaction. Turnover was thought to be similar to Thursday's FFr3.4bn, concentrating on special situations in the morning but spreading later.

Trading in Chargeurs was suspended; the transport group later announced that it was selling a majority stake in airline UTA to Air France. Club Med had earlier risen sharply on hopes that Chargeurs might announce a link-up, ending off its best at FFr740, up FFr24.

AMSTERDAM had almost completed its large fall before Wall Street's plunge. The CBS tendency index ended down 3.0 at 115.7, a drop of 2.5 per cent on the day and 1.3 per cent on the week.

After seeing what Tokyo and London had done, investors turned nervous before the US producer prices figures. In the early afternoon, trading in share futures was suspended for half an hour after prices fell by their maximum limit. Equity turnover was active at Fl 916m, up from Thursday's Fl 718m.

The biggest losers were international blue chips.

Against the trend, office equipment maker Océ van der Grinten rose Fl 4 to Fl 286 after reporting better-than-expected 1989 net profits of Fl 85m, up from Fl 76m.

FRANKFURT fizzled out after an early rally. While the FAZ index hit its second record high this week with an 8.21 rise to 776.71, 2.8 per cent up on the week, the euphoria disappeared as the DAX closed the day 0.17 lower at 1,855.66, giving a week's gain of 2 per cent.

Volume rose to a hefty DM11.6bn from DM9.5bn. After hours, blue chips such as Deutsche Bank, Daimler and Siemens were quoted as much as 1½ to 2 per cent below their close.

Earlier, there was still action in individual issues. Porsche rose DM23 to DM964, up DM114 over the past five trading days; in London, County NatWest said that the company probably had non-consolidated profits of close to 50 per cent of the declared level, and expected full consolidation in 1990/91.

Meanwhile, Preussag went ex rights, trading the latter separately at DM110, leaving the shares a net DM30 higher on the day at DM394.

MILAN finished with the Comit index down 0.49 on the day and up 0.8 per cent on the week at 706.92. De Benedetti stocks continued their slide after Thursday's court victory for Mr Silvio Berlusconi in his fight for control of Mondadori, the publisher.

Mr Berlusconi can now count on solid control of Amef, Mondadori's parent company. Cir, De Benedetti's holding company, fell L88 to L4,882.

BRUSSELS showed a 22.43 rise to 6,599.43 in the cash market index for a 0.4 per cent gain on the week, but that reflected mid-afternoon levels and not closing prices, which were dragged down by Wall Street.

Blue chips led the way down, with Petrofina BFr175 lower at BFr12,375 and Solvay down BFr100 at BFr14,875.

ZURICH fell on weakness abroad, the Crédit Suisse index losing 5.8 on the day and a fraction on the week to 627.7.

MADRID found no relief from its downward trend, the general index losing 0.89 to 295.27 for a fall this week of 1.3 per cent.

OSLO fell sharply on the US producer prices figures and the losses in Tokyo and London. The all-share index, which had hit records on the previous two days, dropped 12.48 points, or 2.2 per cent, to 561.17, ending barely changed on the week.

STOCKHOLM closed mixed in moderate trading, muted by declines on overseas markets. The Affärsvärlden General index edged up 0.7 to 1,317.9, for a rise of 2.4 per cent on the week, on turnover of SKr409m.

Saab free B shares rose SKr10 to SKr275 following a big order and positive reviews for its 9000 car model.

HELSINKI made a small gain on the day, but a healthy rise over the week: the Unitas all-share index rose 0.1 points to 626.1 – a weekly increase of 3.4 per cent. Activity grew after the metalworkers' union said it would recommend acceptance of a pay settlement.

COPENHAGEN edged to its fifth record of the week, but the bourse index was hardly changed at 369.28, up 0.02 – a rise of 2 per cent since the previous Friday.

VIENNA also hit another all-time high, its fourth in a row, with the bourse index up 4.41 at 603.54.

A NEW high of 2,974.84 on the Istanbul index left it 21.2 per cent up the week, and 39 per cent since December 28.

ASIA PACIFIC

Nikkei suffers biggest fall in more than year

Tokyo

COLLAPSING bond prices and rising fears of inflation sent equities plunging in thin trading, with the Nikkei average diving 653 points, its biggest loss so far this year, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei started lower, fell from an intraday high of 38,129.54 and closed at its low of 37,516.77, down 653.36. Yesterday's fall was steeper than the biggest drop of last year, the 647.33 sustained on the Monday following Wall Street's mini-crash in October.

Declining stocks outnumbered those rising by 629 to 327 with 176 unchanged. Turnover remained weak at 602m shares, down from the 629m traded on Thursday. The Topix index of all listed shares declined by 27.66 to 2,786.47 and, in London, the ISE/Nikkei 50 index lost 4.86 to 2,074.60.

"Today's fall indicates that the market has come to reflect the macro-economic environment. The environment has been such that a fall was inevitable," said Mr Etsuo Shiroshita at County NatWest. Interest rates, the rise in oil and commodities prices, the yen's weakness and political worries all weighed on sentiment.

Both the bond and equities markets were worried about the possibility of another increase in the official discount rate, the latter arising from a statement made yesterday by the Bank of Japan Governor.

The slump in the Nikkei also followed a sharp rise on Thursday, which was triggered by arbitrage activity and did not reflect the state of the market. Mr Minoru Nagaoka, president of the Tokyo Stock Exchange, said that arbitrage was to an extent responsible for the recent volatility on the market and that measures to control it would be needed in future.

Heavily capitalised issues from a wide range of sectors suffered further losses, and the market environment was particularly unhealthy for interest-rate sensitive issues. Toshiba, the consumer electronics maker, took a loss of Y40 to Y1,180. Sumitomo Metal Mining plunged Y60 to Y2,160 and Industrial Bank of Japan lost Y150 to Y5,970.

Resources also fell, with Nippon Oil down Y50 at Y1,720 and Nippon Mining off Y10 at Y1,090. Nippon Mining was most actively traded with 17.6m shares. The Soviet theme was out of favour, with investors nervous about political instability. The trading houses were victims of the change in attitude, with Marubeni losing Y20 to Y1,080 and C.Itoh falling Y10 to Y1,200.

Osaka showed resilience in the face of an adverse climate and the OSE average climbed 102.16 to 38,963.43. Volume was still thin at 61.7m shares, lower than the 74.1m traded on Thursday. In spite of weakness in big issues, interest in special situations held the fort. Nintendo, the maker of TV video games, rose Y500 to Y17,000, on expectations of a scrip issue in the current business year.

Roundup

THE REAPPRAISAL in Tokyo affected sentiment in most other markets in the region yesterday, but Taiwan and Australia decided to pursue an independent course.

TAIWAN's speculative mood was reinforced by additional liquidity, as large sums of money were released to pay new year bonuses at the end of this month. The weighted index jumped 453.59, or 4.5 per cent, to 10,588.56, up 7.4 per cent on the week and under 200 short of its previous record of 10,773.11 on September 25.

The financial sector, very important with banks making up nearly half the weight of the index, posted sharp gains as volume rose from 795m shares and NT$126bn to 1.04bn and NT$135bn. Hua Nan Commercial Bank, Chang Hwa Commercial Bank and First Commercial Bank rose by their daily limits of 7 per cent.

HONG KONG fell again, depressed by the heavy losses in Tokyo and by an exchange about an anti-China demonstration in Hong Kong between Sir David Wilson, the colony's Governor, and Li Hou, a senior Chinese official.

The Hang Seng index lost 19.58 to 2,835.94, leaving it little changed at the end of a volatile week that was much affected by the lifting of martial law in Peking. Turnover was very low at HK$578m, down from HK$649m on Thursday.

Hongkong Bank fell a further 5 cents to HK$7.30 after Thursday's news that Meiji Mutual Life of Japan had taken a 1 per cent stake.

AUSTRALIA took heart from higher gold and oil prices, the sub-indices rising 33.9 to 1,824.6 and 14.8 to 695.2, respectively, as the All Ordinaries put on 18.0 to 1,713.6 to end the week fractionally better.

Turnover rose from 102m shares and A$200m to 110m and A$220m. The second day's trading of the newly-floated Highland Gold produced heavy turnover again, with 11.3m shares traded as it jumped 9 cents to A$1.04 for a 29-cent premium on the issue price.

Elsewhere, NEW ZEALAND idled, with the Barclays index down 0.38 at 2,016.20 points, 2.2 per cent lower on the week; SINGAPORE eased on Tokyo's performance, the Straits Times industrial index shedding 6.90 to 1,559.17, up 1.8 per cent; and SEOUL ignored all the South Korean Government's efforts to improve the country's political and economic future, a 0.16 decline in the composite index to 903.11, leaving it with a week's fall of 1.3 per cent.

Tokyo reveals a new-found sensitivity

Robert Thomson examines the rumours and rate fears behind current instability

THERE WAS a rumour this week that President Mikhail Gorbachev had been sacked, and another that a senior Japanese politician had been arrested on insider trading charges. Both proved to be untrue – Mr Gorbachev is still around, as is the Japanese politician – but the impact of both rumours on stock prices is a telling sign of the market's volatility.

This new-found sensitivity appeals to Mr Masaru Yoshitomi, director-general of the economic research institute of the Economic Planning Agency. He argues that the market should be sensitive, because there is no real reason at this stage of the Japanese business cycle for a surge in prices such as that seen in the final days of 1989.

On the last four trading days of December, the Nikkei average posted four consecutive record highs, bringing the year's increase to a respectable 29 per cent. There had been a 4.8 per cent increase in the month of November, and a further 4.4 per cent in December, and brokers generally left for their new year holidays in bullish mood, with the fragility of the yen the only apparent concern.

Events of recent days have shown that the build-up in share prices had weak foundations. The Nikkei average has fallen in five out of seven trading days this year, and is down 3.6 per cent from its year-end peak.

The euphoria about events in Eastern Europe has worn off, while market minds have begun to concentrate on the unpredictability of Japanese politics, and Tokyo Stock Exchange officials cite arbitrage trading as the cause of fluctuations.

Politics became a stock market issue on January 1, when Mr Yasuhiro Nakasone, the former prime minister, was named in another share controversy, although he denies any wrongdoing. Japanese newspapers are also known to be pursuing various stories about leading politicians in the ruling Liberal Democratic Party.

The problem for the market is the timing of this political uncertainty. An election is just over a month away, and an unsightly scandal would damage the returns of the LDP, as well as returns in stocks.

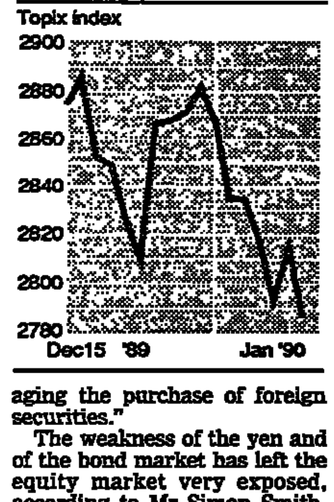
Another negative influence has come from a surprisingly unsettled bond market – in yesterday morning's trading, the key March contract on government bonds fell 0.54 to 99.18.

Mr Kermit Schoenholtz, an economist at Salomon Brothers, said that the bond market had been volatile partly because it is believed that the Bank of Japan could again raise the Official Discount Rate (ODR), which it lifted by 0.5 points to 4.25 per cent on Christmas Day.

Mr Richard Koo, senior economist at the Nomura Research Institute, said that the bond market had reacted quickly to the ODR increase, although the yen had not yet responded. He also said that the growing interest of non-institutional investors in foreign securities markets was significantly affecting capital flows.

"We are partly to blame, because we have been encouraging the purchase of foreign securities."

Tokyo SE



The weakness of the yen and of the bond market has left the equity market very exposed, according to Mr Simon Smithson, head of research at Kleinwort Benson International. He said that trading houses, plant engineers and shipping companies had all done well on the expectation of business arising from the reconstruction of East bloc countries.

With the passing of the initial excitement about Eastern Europe, however, interest has moved in recent days to technology and telecommunications stocks, with strong demand for issues such as Kyocera, the maker of bioceramics and ceramic packages for integrated circuits, and Sharp, the electronics and telecommunications equipment maker.

Mr Han Ong, head of research at SG Warburg Securities, said demand had also been strong for pharmaceuticals, perhaps because they are often bought when the market is lacking direction. He said that volatility was likely to continue, with the election next month producing "electoral silly season" stories such as the one about the arrest of a leading politician.

The present instability, he said, could be traced back to early December, when arbitrage trading began to dominate the market, particularly in Nikkei index stocks, so that the Nikkei rose more rapidly than stock prices in general. During December, the Nikkei average climbed 4.4 per cent, while the Topix index of all listed shares gained just 1.8 per cent.

He said that another important factor was the apparent struggle over financial control between Mr Yasushi Mieno, the Bank of Japan governor, and Mr Ryutaro Hashimoto, the Minister of Finance, and the resulting threat of further discount rate increases.

"The domestic political concerns could be virtually settled overnight with the election results. If we want to look beyond the next two months, we would look at things like money supply and the growth of earnings, which are likely to be good," Mr Ong said.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 11 1990						WEDNESDAY JANUARY 10 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	156.51	+0.8	140.04	131.37	+0.3	5.19	155.20	138.40	130.94	160.41	128.28	148.22
Austria (19)	216.80	+0.5	193.98	189.71	+0.8	1.28	215.77	192.42	188.25	216.80	92.84	94.63
Belgium (61)	158.90	+0.4	142.18	138.33	+0.5	4.04	158.26	141.13	137.57	159.17	125.58	134.22
Canada (120)	151.75	+0.1	135.77	127.08	−0.1	3.15	151.59	135.18	127.17	154.17	124.67	130.12
Denmark (36)	248.50	+0.3	222.34	220.53	+0.3	1.43	247.74	220.93	219.94	248.50	165.35	157.40
Finland (26)	139.27	+0.1	124.61	116.51	+0.4	2.67	139.15	124.09	116.03	159.16	118.63	127.24
France (125)	157.10	+0.7	140.56	141.21	+0.9	2.67	156.00	139.12	139.91	157.97	112.57	117.19
West Germany (96)	128.75	−0.2	115.20	112.65	+0.0	1.86	128.96	115.00	112.60	130.18	79.56	88.04
Hong Kong (48)	117.57	−0.7	105.20	117.88	−0.6	4.84	118.35	105.54	118.64	140.33	86.41	119.28
Ireland (17)	195.57	+0.4	174.98	175.69	+0.3	2.47	194.78	173.70	175.09	196.69	125.00	126.94
Italy (96)	102.08	+0.3	91.33	95.67	+0.3	2.39	101.72	90.71	95.38	102.08	74.97	83.80
Japan (455)	189.83	+0.5	169.85	174.47	+0.7	0.47	188.88	168.44	173.30	200.11	164.22	197.18
Malaysia (36)	238.21	+0.8	213.14	247.66	+0.7	2.16	236.35	210.77	246.00	238.21	143.35	150.45
Mexico (13)	333.97	−0.9	298.82	990.28	+0.1	0.52	337.02	300.55	989.73	337.02	153.32	156.12
Netherland (43)	143.09	+0.2	128.03	123.98	+0.3	4.30	142.87	127.41	123.60	145.66	110.63	112.64
New Zealand (18)	74.86	+1.2	66.98	65.25	+0.9	5.40	73.95	65.95	64.67	88.18	62.64	70.55
Norway (24)	219.26	+1.7	196.18	193.59	+1.7	1.41	215.55	192.23	190.32	219.26	139.92	153.07
Singapore (26)	189.94	+0.0	169.95	165.83	+0.0	1.75	189.89	169.34	165.78	189.94	124.57	134.31
South Africa (60)	215.29	+4.1	192.63	165.99	+1.9	3.41	206.87	184.49	162.95	215.29	115.35	119.71
Spain (43)	161.61	−0.4	144.60	134.43	−0.3	3.94	162.25	144.69	134.77	169.75	143.14	148.06
Sweden (35)	206.70	+0.1	184.94	187.81	+0.1	1.82	206.56	184.22	187.69	206.95	138.45	146.75
Switzerland (62)	98.35	+0.1	88.00	92.65	+0.6	1.93	98.23	87.60	92.11	98.35	67.81	78.65
United Kingdom (306)	163.37	−0.2	146.17	146.17	+0.2	4.30	163.65	145.94	145.94	164.31	133.28	137.68
USA (542)	141.01	+0.3	126.17	141.01	+0.3	3.32	140.53	125.32	140.53	146.29	112.13	115.33
Europe (969)	146.36	+0.0	130.96	129.92	+0.3	3.27	146.30	130.47	129.55	146.66	112.63	115.63
Nordic (121)	198.00	+0.3	177.16	170.51	+0.3	1.67	197.36	176.00	169.95	198.00	137.95	142.52
Pacific Basin (667)	185.92	+0.5	166.35	170.65	+0.6	0.71	185.00	164.98	169.57	194.72	160.44	191.98
Euro – Pacific (1656)	170.30	+0.3	152.38	154.43	+0.5	1.61	169.73	151.36	153.64	174.18	141.56	161.40
North America (662)	141.55	+0.3	126.65	140.13	+0.3	3.31	141.09	125.82	139.69	146.66	112.79	116.13
Europe Ex. UK (663)	134.63	+0.2	120.46	119.90	+0.4	2.59	134.38	119.84	119.47	134.66	96.30	101.68
Pacific Ex. Japan (212)	138.84	+0.4	124.23	123.00	+0.1	4.70	138.32	123.35	122.90	140.05	111.88	129.85
World Ex. US (1849)	170.19	+0.4	152.27	153.88	+0.5	1.67	169.56	151.21	153.10	173.77	141.49	159.89
World Ex. UK (2085)	158.27	+0.4	141.61	149.84	+0.5	1.97	157.61	140.56	149.12	162.00	136.98	143.31
World Ex. So. Af. (2331)	158.36	+0.3	141.69	149.35	+0.4	2.17	157.83	140.75	148.68	161.84	136.67	142.94
World Ex. Japan (1936)	144.23	+0.3	129.05	136.67	+0.3	3.35	143.85	128.28	136.24	145.52	114.51	116.60
The World Index (2391)	158.70	+0.4	142.00	149.46	+0.5	2.19	158.13	141.02	148.78	162.05	136.68	142.79

Swedish prices were not fully updated January 11. Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1758

Treasury 9% Ln 2008 "B" – £93½ (5Ja90)

Corporation and County Stocks
No. of bargains included 1

Greater London Council 6¾% Stk 90/92 – £87½

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Banks and Discount Companies

Breweries and Distilleries

Sterling Issues by Overseas Borrowers

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Investment Trusts

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Insurance

Plantations

Railways

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix

The Third Market Appendix

Rule 535(2)

Rule 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Account closes with heavy setback

THE UK stock market took a heavy fall yesterday in the wake of setbacks in both Tokyo and New York, but the damage appeared to be more to London market indexes than to investment confidence. There was not much significant selling from investment institutions and market strategists refused to be upset by a near 40 point (or about 1.6 per cent) fall in the Footsie, although this wiped out most of the gain achieved over the three-week equity account which spanned the new year.

End-account profit-taking certainly helped to depress a stock market badly unsettled by deeper international factors.

Account Dealing Dates		
*First Dealings:		
Dec 27	Jan 15	Jan 29
Option Declarations:		
Jan 11	Jan 25	Feb 8
Last Dealings:		
Jan 12	Jan 26	Feb 9
Account Day:		
Jan 22	Feb 5	Feb 19

*New-time dealings may take place from 9.00 am two business days earlier

The trend for the day was set by the heavy fall in the Tokyo market and reinforced later when Wall Street opened heavily down. Gains of 0.2 per cent in US retail sales and 0.7 per cent in producer prices in December were regarded as worrying signs of a weakening economy.

London equities were in trouble from the start of trading and an opening fall of 15 points on the Footsie scale was quickly extended as buyers withdrew from the market and share prices fell away in response to the setback in Tokyo. At its worst moment, as it sensed a fall on Wall Street which reached 51 points in early trading, London was 47.6 Footsie points down at 2,370.3.

The FT-SE Index closed 37.8 points down at 2,380.1, its lowest level since December 22 when the market closed for Christmas. During the three-week equity account, which opened on December 27, the market at first soared by more than 4 per cent to a new all-time Footsie peak of 2,463.7 but has reacted as equity analysts reassessed their views on the prospects for the international scene, as well as for domestic interest rates. Last night's close showed a final gain of only 18.1 points on the account, and a fall of 64.4 points on the week.

Seaq trading volume of 523.4m was lower than on Thursday (578.8m). Seaq daily figures, which do not separate inter-market business from genuine retail trade, have been high this week; but retail turnover, published by the Stock Exchange, has been less impressive at an average of under £1bn a day.

It was the renewed setback in Japan, which in turn reflected worries about events in eastern Europe as well as the outlook for world interest rates, which did most to upset London. However, although there were some embarrassed faces in dealing rooms yesterday, and traders pointed out that several leading UK securities firms had warned that optimism over the economy and interest rates had been overdone and that Footsie could react to the 2,300 area. "What happened yesterday was that buyers disappeared," was the view of professional traders.

FINANCIAL TIMES STOCK INDICES

	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	83.02	82.94	82.98	83.37	83.58	87.01	89.29 (8/2/89)	82.93 (4/12/89)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.60	92.55	92.62	92.83	92.91	96.51	99.59 (15/3/89)	92.02 (8/12/89)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1909.1	1940.5	1936.4	1956.5	1945.0	1519.7	2008.6 (5/9/89)	1447.8 (3/1/89)	2006.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	346.1	337.8	322.4	316.1	315.6	183.9	346.1 (12/1/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2380.1	2417.9	2412.6	2436.3	2431.3	1862.1	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.47	4.40	4.40	4.36	4.39	4.81				
Earning Yld %(full)	10.91	10.72	10.73	10.63	10.71	12.10				
P/E Ratio(Net)(☆)	11.10	11.29	11.28	11.39	11.30	9.98				
SEAQ Bargains(5pm)	34,468	32,618	29,582	30,789	34,211	34,823				
Equity Turnover(£m)†	-	1184.83	938.72	977.56	752.77	1570.33				
Equity Bargains†	-	32,860	30,914	33,063	35,467	37,737				
Shares Traded (ml)†	-	502.1	423.9	414.5	315.6	727.8				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basic 1000 FT-SE 100 31/12/83 ☆ Nil 11 04

Ordinary Share Index, Hourly changes — Day's High 1926.5 — Day's Low 1903.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1926.5	1922 2	1919.2	1913.0	1908.2	1908.4	1908.5	1908.9

FT-SE, Hourly changes — Day's High 2402.9 — Day's Low 2370.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2402.9	2398.2	2391.4	2383.6	2377.0	2377.1	2377.4	2381.7

GILT EDGED ACTIVITY

Indices*	Jan 11	Jan 10
Gilt Edged Bargains	85.8	78.2
5—Day average	81.6	82.2

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index Tel. 0898 123001.

Ferranti shares near low

The bad news from Ferranti, the beleaguered UK defence electronics group, grew more serious yesterday when the company revealed interim figures worse than the most pessimistic forecasts. Ferranti, trading only pennies above their lowest-ever level of 29p, settled a net 3½ down at 33½p. Turnover was 5.7m shares.

Ferranti came out with an interim pre-tax loss of £15.4m, compared with the £5m-£7m loss that had been expected. The company said the figures reflected the impact of high interest rates, lower profits from the company's military businesses and redundancy costs, as well as the already known substantial losses in the US.

Dealers and analysts said that it looked inevitable that the group would have to activate the £187m rights issue of new preference shares on the basis of one new preference share for every ordinary share held at a price of 25p a share.

"After the International Signal debacle and the probability of widespread cuts in defence spending after the recent events in Eastern Europe, there doesn't look to be much to go for in Ferranti," said one trader.

Eurotunnel active

Eurotunnel, always one of the more volatile shares on the London market, had an erratic day. Thursday's news that the company had reached agreement on construction costs with the Channel tunnel contractor Transmanche-Link, and that its lender banks had agreed to allow it to draw down new funds on its loan, encouraged dealers to mark Eurotunnel Units 20 higher at the opening.

But the spreading gloom from the rest of the market soon reversed sentiment and the shares tumbled to more than 50 below the previous night's close. Finally, the start of the new account combined with an apparent steadying, after early steep falls, in New York to encourage a rally which left the Units just 5 lower on the day at 653p. The Warrants recovered even further, closing a net 2½ higher at 54½p.

British Gas resists

British Gas, which has seen substantial interest all week, were heavily supported yesterday, despite widespread gloom elsewhere in the market, and closed only a fraction easier on balance at 225¼p. Turnover was 19m.

Dealers said there were no significant developments to affect the shares, except that they had underperformed the market by around 5 per cent since Christmas, possibly undermined by one leading securities house taking a bearish stance on the stock.

"But," said a sector specialist, "there are plenty of analysts taking an opposite view and it looks as if they have been pushing the stock pretty hard in the past couple of days." The analyst noted that Gas shares are among the market's classic defensive issues in difficult days.

The oil and gas arena continued to attract some of the market's biggest turnover. BP, driven up on Thursday by speculation that the group had made a big oil discovery in the Gulf of Mexico, ran into a bout of selling which lowered the shares 5 to 331p; turnover was 8.9m. Shell dipped 9 to 458p on 4.1m shares.

Premier fell 4 more to 106p. There was talk that Burmah, which has a 29.9 per cent stake in Premier, is more likely to place its holding in the market than sell it on to a single potential predator. Other stories, however, suggested Premier was a crucial part of a series of potential takeover moves which may involve Burmah and Calor and could end up with Premier being taken over by one of the big European natural resources groups. Burmah, unsettled by a series of downgradings earlier this week, lost 7 more to 657p while Calor lost 8 to 376p.

The general slide left the banks with losses across the board, but dealers said actual selling was no more than modest - "Nobody wanted to take any sort of position," said one.

TSB continued to attract substantial support but this was offset by the overall weakness and selling from private investors. At the close TSB were 2½ off at 134p.

Down to 555p at one point Barclays later rallied to close a net 9 easier at 559p, while Midland dipped 6 to 368p, and Lloyds 5 to 443p. Standard Chartered fell 5 to 550p despite the reemergence of vague takeover talk.

Merchant banks with stock exchange marketmaking operations were marked down with Kleinwort Benson settling 4 easier at 402p and S.G. Warburg 7 off at 508p.

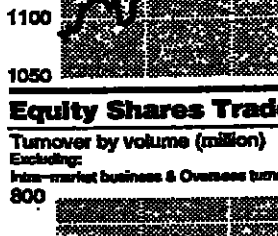
Discount houses were hit by falling gilt-edged prices and concerns over interest rates. Gerrard & National lost 15 to 290p while falls of 10 were common to Cater Allen, 435p and Union Discount, 590p.

The recent series of profits downgrades continued to depress the insurance areas of the market. In the lifes Refuge, boosted in recent months by stake-building by Athena, the French insurance group, dropped 16 to 693p, while Legal & General, still affected by the UBS Phillips & Drew "switch" advice, fell 8 more to 413p. Prudential, perceived to be one of the sector's best defensive stocks, drew sustained support to close a fraction ahead at 217p, with turnover accelerating to 7.8m shares.

International stocks bore the brunt of the market's weakness, hit by Wall Street's fall, the weaker dollar and by the fact that their very liquidity made it easier for investors to get out of the falling market.

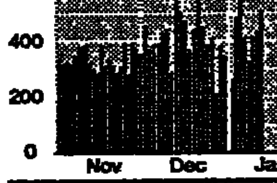
Losses stretched into double figures in many cases, with ICI mirroring the trend with a fall of 30p to 1152p, not helped by recent adverse comment and by cost-cutting moves prompted by declining chemical sales. Glaxo fell 27 to 775p, Hanson shed 4 to 233¼p, Smithkline Beecham lost 16 to 594p and Reuters closed 21 cheaper at 1031p. Dealers said that, particularly in Smithkline's case, buying from New York had dried up on Thursday night, leaving London marketmakers with an excess of stock on their books yesterday.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



British Airways's fall of 8 to 223p was exacerbated by light profit-taking following Thursday's good performance. Turnover was 5.6m shares and trading was busy in New York last night, said dealers.

Rolls-Royce were lifted early on in the session on suggestions of an ADR listing was in the pipeline. The shares however shed 3 to 189p later as profit-takers moved in and the equity market turned down.

British Aerospace followed the market direction, the shares falling 11 to 564p as worries over the effects of the engineering and strike and the possibility of a fall in profits at its Rover Group subsidiary, strengthened.

Bargain hunters were said to have helped reduce the falls in Lucas, Hawker Siddeley, and GKN. Lucas ended 4 off at 656p, while Hawker lost 6 to 701p and GKN closed 8 down at 434p.

Vague talk of likely downgradings left Smith Industries 14 down at 279p.

Kwik-Fit retreated 9 to 119p following a profits downgrading from UBS-Phillips & Drew, the company's broker. Blaming "sluggish sales", UBS cut profits for the year to February 1990 from £20m to £18.5m, and expect profits of £17m for the year to 1991. Mr John Smith at UBS said: "Tyre sales have been holding up well but the sales of exhaust pipes have been weak."

Dagenham Motors gained 4 to 95p on speculation that the company may be the next bid target among motor distributors. The same talk was to be heard in Trimoco, where the shares edged forward a penny to 25p.

Talk of a bid continued to surround Molins where the shares added another 6 to 249p.

Securigard continued to be powered by a recent BZW recommendation, adding 4 more to 280p. Walker Greenbank firmed 4 to 69p on talk that Aubin, a Jersey based company which is reported to have a stake of around 13 per cent in Greenbank, were about to launch a bid.

A late run in Dixons left the shares 3 better at 137p. Dealers are expecting a decision early next week on whether or not the bid from Kingfisher will be referred to the Monopolies and Mergers Commission. A small share buyback programme restricted the fall in GUS "A" to 5 at 1073p.

Regina Health and Beauty slipped 2½ to 14p in reaction to a statement that the company had made a loss in the first half but was now trading profitably.

Lonrho held its head above water all day, eventually closing 3 better at 317p. Dealers cited the firm gold price and anticipation of a good dividend to be announced with the figures on January 25.

A press report that Granada might become a target for a bid from Rank Organisation left the former up 6 at 354p. Marketmakers and analysts were sceptical, and any weakness in Rank was cushioned by the company's acquisition of seven bingo clubs in Canada for £4.75m and the disposal of six social clubs in Scotland for £6m. Rank slipped 7 to 846p; full year figures are due on January 25. The buyer of the Scottish clubs was Mecca Leisure, down 4 to 164p.

Trusthouse Forte continued Thursday's weakness in the wake of the announcement of its plan to buy back part or all of THF's sterling 10¾ per cent bonds due 1996. Ms Sheila Martin, an analyst at Robert Fleming, cut her profits forecast for THF by 5 per cent to £250m. She singled out poor trading in provincial hotels for short-term caution and suggested buying the shares when the price reaches 275p. She added that the bond buy-back accounted for about 1 per cent of THF's debt. THF finished 7 lower at 298p.

Crown Communications sold its holding of 1.3m Invicta Sound shares (a 15.03 per cent stake) to Southern Radio at 185p a share. Crown was unchanged at 262p, while Invicta ended 5 up at 193p.

Television contractors had an active day with a single big seller in Tyne-Tees television leaving the price 8 lower at 389p. TVS, a penny easier at 67p, has figures on Tuesday and Anglia TV, 2 off at 268p, will unveil its results on Thursday. SelecTV shed a fraction to 15¼p after a director disposed of 7.8 per cent of the company, cutting his stake to 9.3 per cent.

There was no stopping paper merchant Robert Horne, which continued to climb on further consideration of Wednesday's revelation that the company was in talks that might lead to a bid. The "A" shares added 15 at 340p, and the ordinary firmed 5 to 395p.

Racal Electronics continued to lose ground with County NatWest depressing the stock further in revealing a profits downgrade for the current year from £220m to £210m and for next year from £355m to £340m. County says "there is evidence that the cellular radio take up is beginning to slow and the churn rate increasing." Racal Telecom dropped 14 to 379p.

Cable & Wireless, closely associated with Far Eastern markets, suffered badly from the steep fall by the Tokyo market and closed 23 off at 540p although dealers said the fall in the shares looked overdone. British Telecom held up reasonably well, closing only 3 off at 301p after BZW added the stock to its "buy" list.

Laporte were a firm market following an upbeat visit by institutional investors the previous day. The shares outperformed the market, closing marginally higher at 512p. Mr Martin Evans of BZW, the company's broker said: "Laporte represent increasingly good value in the sector given the difficulties faced by many second line chemical stocks this year. On that basis, a 5 per cent discount to the market looks unjustified and we expect Laporte to move to a premium over the year."

A combination of a stock shortage and a recent recommendation from from BZW pushed Takare up 15 to 483p.

Evode hardened a penny to 86p on positive sentiment ahead of publication of full year figures next Tuesday.

Other Market statistics include the FT-Actuaries share index on Pg 9, London Traded Options, and recent issues (including the water issue stocks) on Page 11.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	2,600	199	-1	Comm. Union	792	492	-6	Lloyds Bank	2,800	443	-5	Sears	4,100	108	-2
ASDA Group	2,800	117½	-4½	Cookson	824	284	-4	LASMO	1,700	575	-5	Sedgwick	403	294	-6
Abbey National	2,600	185	-1	Courtaulds	1,600	385	-3½	Lonrho	5,500	317	+3	Shell Transport	4,100	458	-9
Allied-Lyons	1,100	508	-11	Dalgety	728	400	+2	Lucas	625	656	-4	Siebe	567	481	-4
Amstrad	1,800	50½	+½	Dixons	1,100	137	+3	MB Group	1,300	221	-3	Slough Ests	498	323	-7
Argyll Group	786	212	-2	Eng. China Clays	850	468	-4	MEPC	743	518	-14	Smith (W.H.) A	307	348	-4
Ass. Brit. Foods	293	415	-8	Enterprise Oil	628	647	-2	Marks & Spencer	1,700	202	-4	Smith & Nephew	2,650	132½	-1½
BAA	1,000	380	-1	FKI	2,200	88	-1	Maxwell Comm	1,500	221	-4	SmKl Beecham	2,000	594	-16
BAT Inds.	2,600	830	-4	Ferranti	5,700	33½	-3½	Mecca Leisure	874	164	-4	SmKl Beecham Units	63	2820	-78
BET	1,300	264	-4	Fisons	675	335	-2	Midland Bank	1,100	369	-6	Smiths Inds.	2,200	279	-14
BICC	1,250	471	-7	Gen. Accident	523	1147	-11	NatWest Bank	3,800	348	-3	Standard Chartd.	2,400	550	-5
BOC	428	552	-5	General Elect.	6,400	234	-4	Next	5,000	99	-1½	Storehouse	1,000	121	-2
BPB Inds.	892	239	-10	Glaxo	2,500	775	-27	Northern Foods	74	320	-4	Sun Alliance	1,650	316	-5
BTR	1,700	454	-7	Globe Inv.	175	190	-3½	Pearl	7	688	-1	Sun Life	25	1295	-15
Barclays	1,500	559	-9	Glynwed Intl.	177	253	-8	Pearson	561	740	-10	T&N	384	213	-3
Bass	457	1054	-1	Granada	1,900	354	+6	P & O	420	639	-9	TI Group	554	435	-4
Beazer	833	171	-2	Grand Met.	4,300	632	-14	Pilkington	1,300	235	-3	TSB	5,000	134	-2½
Berisford Intl.	105	139	-1	GUS A	254	1073	-5	Polly Peck Intl.	1,600	401	-8	Tarmac	3,400	258	-1
Blue Arrow	565	97½	-1	GRE	4,100	242	-6	Prudential	7,400	217	+½	Tate & Lyle	2,400	302	+2
Blue Circle	1,390	349	-8	GKN	686	434	-8	RHM	452	435	-2	Taylor Woodrow	587	305	-13
Boots	1,400	275	-4	Guinness	4,029	657	-12	RMC	653	718	-15	Tesco	1,100	190	-2
Brit. & Comm.	1,500	93	-2	Hammerson 'A'	317	828	-6	RTZ	2,600	506	-5	Thames Water	2,600	155½	-4
Brit. Aerospace	1,000	564	-11	Hanson	6,200	233¼	-4	Racal	6,000	234	-7	THORN EMI	803	791	-11
British Airways	5,600	223	-8	Hanson Warrants	609	60	-1½	Racal Telecom	412	379	-14	Trafalgar House	966	362	-5
British Gas	19,000	225½	-½	Harrisons Cros.	111	165	+1	Rank Org.	706	846	-7	Trusthouse Forte	3,450	298	-7
British Land	719	385	-5	Hawker Sidd.	374	701	-6	Reckitt & Colman	353	1245	-6	Ultramar	810	368	-4
BP	8,900	331	-5	Hillsdown	2,100	280	-6	Redland	958	599	-13	Unigate	961	340	-4
British Steel	9,500	137	-3½	IMI	573	225	-3	Reed Intl	926	451	-6	Unilever	841	684	-10
British Telecom	6,000	301	-3	ICI	2,700	1151	-31	Reuters	1,800	1031	-21	United Biscuits	1,700	360	-7
Bunzl	690	113	-2	Inchcape	2,000	300	-7	Rolls Royce	3,550	189	-3	Utd. Newspapers	483	455	-4
Burmah Oil	95	657	-7	Jaguar	14	849		Rothmans	465	673	-2	Wellcome	455	760	-9
Burton	1,800	214	-2	Kingfisher	1,830	298	-4	Ryl Bk Scotland	1,400	204	-2	Whitbread 'A'	1,000	413	-6
Cable & Wire.	2,100	540	-23	Ladbroke	2,650	327	-8	Royal Insurance	1,600	536		Williams Hldgs.	871	243	-15
Cadburys	1,600	351	-11	Land Securities	1,100	518	-12	STC	3,100	257	-10	Willis Faber	1,000	279	-3
Calor Group	104	376	-8	Laporte	1,100	512	+1	Saatchi	371	259	-9	Wimpey	705	255	
Carlton Comms.	595	778	-17	Legal & General	1,009	413	-8	Sainsbury	1,200	262	-5				
Coats Viyella	1,900	152	-2	Lloyds Abbey	1,300	322	-8	Scottish & New.	2,300	351	-7				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (57).
BRITISH FUNDS (2) CANADIANS (1) BANKS (1) CHEMICALS (1) STORES (1) ELECTRICALS (2) FOODS (3) INDUSTRIALS (8) Flexello C&W, Gleves Grp., Grafton, Hanson 5¾pc Pf., Kelsey Inds., MB 7¼pc Pf., INSURANCE (1) NEWSPAPERS (1) PAPERS (3) SOUTH AFRICANS (3) TRUSTS (5) OILS (2) OVERSEAS TRADERS (1) MINES (25).

NEW LOWS (58).
BRITISH FUNDS (3) AMERICANS (3) CANADIANS (3) BANKS (6) BREWERS (2) BUILDINGS (1) CHEMICALS (1) STORES (3) ELECTRICALS (3) ENGINEERING (1) FOODS (1) HOTELS (1) INDUSTRIALS (8) Beetwood, Creda Hldgs., Nobo Grp., Opt. & Med., RKF Grp., Rock, Sale Tilney, Westmex, INSURANCE (1) LEISURE (2) MOTORS (2) PAPERS (2) PROPERTY (2) TEXTILES (1) TRANSPORT (3) TRUSTS (8) THIRD MARKET (1).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	73	4	23	110	329	61
Corpn. Dom. & Foreign Bonds	9	3	28	9	41	150
Industrials	197	662	755	1,622	2,236	4,184
Financial and Props	76	374	247	610	1,149	1,710
Oils	21	36	37	92	172	202
Plantations	1	2	7	7	9	34
Mines	65	18	77	274	144	378
Others	61	92	93	260	517	484
Totals	503	1,191	1,267	2,984	4,597	7,203

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday January 11 1990

Gold Mines Index	+	9.28	Other Industrial Materials	+	0.91
Packaging & Paper	+	7.47	Food Retailing	+	0.84
Conglomerates	+	4.28	500 Share Index	+	0.83
Electronics	+	4.22	Leisure	+	0.73
Agencies	+	3.37	Engineering-Aerospace	+	0.62
Chemicals	+	3.31	Water	+	0.60
Textiles	+	3.26	Health & Household Products	+	0.55
Contracting,Construction	+	3.25	Publishing & Printing	+	0.47
Engineering-General	+	3.08	All Share Index	+	0.41
Metals & Metal Forming	+	2.98	Investment Trusts	+	0.19
Motors	+	2.85	Banks	-	0.24
Transport	+	2.66	Food Manufacturing	-	0.53
Merchant Banks	+	2.60	Property	-	0.56
Building Materials	+	2.58	Telephone Networks	-	0.84
Capital Goods	+	2.40	Financial Group	-	1.64
Stores	+	2.34	Overseas Traders	-	1.88
Other Groups	+	1.54	Insurance(Brokers)	-	2.12
Industrial Group	+	1.52	Oil & Gas	-	3.31
Brewers and Distillers	+	1.42	Insurance(Life)	-	3.93
Electricals	+	1.15	Insurance(Composite)	-	6.59
Consumer Group	+	1.02			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	102-27	+2/32	12.20	11.84	11.86
		9.750	1/98	93-27	+4/32	10.92	10.66	10.84
		9.000	10/08	92-04	+14/32	9.93	9.78	9.79
US TREASURY *		7.875	11/99	98-20	-6/32	8.08	7.96	7.83
		8.125	8/19	99-25	-8/32	8.14	8.02	7.89
JAPAN	No 111	4.800	6/99	90.1365	-1.278	6.49	5.88	5.41
	No 2	5.700	3/07	95.3637	-1.279	6.26	5.79	5.47
GERMANY		7.000	9/99	96.5900	-0.030	7.50	7.56	7.23
FRANCE	BTAN	8.000	10/94	92.1180	-0.025	10.15	10.22	9.57
	OAT	8.125	5/99	91.8100	-0.150	9.47	9.56	9.11
CANADA *		9.250	12/99	96.6000	-0.050	9.79	9.71	9.60
NETHERLANDS		7.250	7/99	93.8300	-0.240	8.20	8.14	7.75
AUSTRALIA		12.000	7/99	94.9131	-0.209	12.94	12.98	13.06

London closing. *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Gold and sugar lighten the gloom

GOLD AND white sugar were the bright spots in the London commodity markets this week. Dollar weakness helped the former to move back towards the highs reached late last year, while the latter surged to eight-year highs in response to signs of increased demand. Cocoa prices also managed a modest rise but coffee, base metals and oil prices were all weaker.

Successfully weathering last week's dip below $400 a troy ounce seemed to have given the gold market a shot in the arm. Apart from the currency factor the price was boosted by a resurgence of European and Far Eastern buying interest, as well as analysts' predictions that the $420 level would be tested again soon.

Resistance around the $410 mark was overcome quite easily and after running into a brief bout of profit-taking on Thursday the price advanced another $5.25 yesterday to end the week $13 higher at $417.75 an ounce. Yesterday's strength was influenced by the announcement of a bigger-than-expected 0.7 per cent rise in the US producer price index in December.

White sugar's advance was attributed chiefly to recent Mexican purchases and talk that India and Pakistan could be buying soon.

Yesterday morning the London daily whites price was fixed at $432 a tonne, up $24.50 on the week, and later in the day nearby positions on the London Futures and Options Exchange's screen-based white sugar futures market pushed into high ground last scaled in the boom period of 1980-81.

Traders said Mexico was believed to have purchased about 350,000 tonnes of whites over the past two weeks, while there were reports that Pakistan had authorised the import of 300,000 tonnes, 90,000 tonnes of which might already have been secured.

There was also general agreement that India would have to make substantial purchases on the world market this year, perhaps as much as 1m tonnes. Ms Farideh Bromfield, an analyst at E.D. & F. Man, the London broker, estimated that Indian production would fall short of consumption by about 600,000 tonnes but added that the need to rebuild run-down stocks meant that imports were likely to exceed that figure.

Cocoa's continued rise this week, which lifted the May futures position, by £20 to a one-month high of £659 a tonne, was mainly the result of chart-based buying. The price had been a little higher at one point yesterday but was trimmed back by selling which traders assumed represented hedging against recent Ivory Coast sales.

In contrast London coffee futures came under renewed pressure as traders hedged recent large purchases from Cameroon. The prompt position yesterday ended below £600 a tonne for the first time in 14 years and second position March closed at £610 a tonne, down £19 on the day and £55 on the week.

The London Metal Exchange presented an equally gloomy picture for producers. The currency factor helped to weigh down the exchange's dollar-denominated contracts but the sterling-quoted copper and lead markets also lost ground.

Once again nickel was the biggest loser, the cash position's $562.50 fall taking it to a fresh 23-month low of $7,525 a tonne.

Monday's announcement of a further rise last week in LME warehouse stocks, to a 2¼-year high, set the market back on its interrupted downward course until it was steadied on Wednesday by profit-taking purchases and short-covering. The respite was brief, however. With demand from the stainless steel industry continuing to sag and nearby availability relatively comfortable, fresh selling and liquidation soon had the nickel price back on its downward course.

Tin also sustained a substantial fall after a three-day rally ran out of steam on Tuesday, and the cash price ended at $6,690 a tonne, down $110 on the week. Dealers blamed the downturn on merchant liquidation and selling in a thin market.

The weakest LME market yesterday was copper, where the cash position's £50 fall left it £78.50 down on the week at £1,452.50 a tonne. In the absence of fundamental copper news dealers said the decline was tracking New York market values, which had been hit by the fall in equities.

Aluminium extended its current bear run to six trading days with yesterday's $3 fall to $1,560, down $68.50 on the week. Dealers said the decline was caused by a break-down of chart-based support and expectations of a further substantial rise in LME stocks, following Monday's announcement of a 9,325-tonne rise to 66,825 tonnes.

Lead surrendered an early rise to end £12.50 down on the week at £422.50 a tonne.

Richard Mooney

APPOINTMENTS

NatWest's "big ticket" posts

■ NATIONAL WESTMINSTER BANK has appointed Mr Piers Bull as director, leasing and asset finance, to head a new London-based unit which aims to expand the group's international and domestic "big ticket" leasing operations. He is joined as senior executives by Mr Philip Davy, UK business, and Mr Bob Pashley, international business.

■ Mr D. Hammond Giles has been elected chairman of AVIATION & GENERAL INSURANCE CO, and Mr A.G. Mills as deputy chairman. Mr R.T. Barraclough has been appointed a director, and Mr David Littlefair becomes chief accountant and company secretary.

Mr Bob Perry *(above)* has been appointed managing director of recently-formed RACAL-CHUBB PRODUCTS, Wolverhampton.

■ Mr Simon R. Kennedy, group chief accountant, has been promoted to financial director of MAGNOLIA GROUP, Wellingborough.

■ Mr Richard Mallett has joined REED INTERNATIONAL as corporate finance manager, a new post. He was group financial analyst at J. Sainsbury.

■ Mr E.J. Foxall has been appointed south regional director, BRIMS & CO.

■ T&N has appointed Mr Philip Worsley as operations director of AE Turbine Components' nozzle guide vane facility, Leicester; and Mr Fred Heaton as managing director, Flexitallic Engineering, Walsall.

■ Mr Burton M. Siegel has been appointed chairman of DREXEL BURNHAM LAMBERT HOLDINGS, UK subsidiary of the US company.

■ DALGETY FOOD INGREDIENTS has appointed Mr Malcolm Brown as chief executive, Federal Bakeries, and Mr Reg Perry as chief executive, Baking Ingredients.

■ Ms Jan Kern has been appointed buying director, women's wear, at LITTLEWOODS chain store division. She was managing director, merchandise division, Conran Design Group, part of Storehouse.

■ BELL PRODUCTS has appointed Mr Chris Robertson, manufacturing director, as marketing director; and Mr Bill Griffiths as production director. He joins from Smiths Containers.

■ Mr Christopher Harrison has been appointed group finance director at JAMES WILKES, Sheffield, and at Lynx Holdings. He was group finance director of James Neill Holdings.

■ Mr Jack Summerscale has been appointed head of UK equities research at BARCLAYS de ZOETE WEDD. He has been with the company since 1970. Mr Paul Wietzel has been appointed head of European equities research. He held a similar post at Swiss Bank Corporation International. Mr Myrick Hatch has joined BZW as head of its office in Taipei. He was managing director, Asia Pacific, for Rockefeller and Co.

■ Mr Douglas Strachan has been appointed a director of PORTSMOUTH BUILDING SOCIETY. He was director of PRO NED, was previously on the main board of Allied Lyons.

■ Mr John Prosser has been appointed director and general manager on the board of PLANTIME, which is wholly-owned by Group 4 and Securitas Technology.

■ THE LEGAL PROTECTION GROUP, part of the Sun Alliance Group, has promoted Mr Andrew Marx to the new post of managing director of Legal Expenses. He was southern regional manager.

■ Mr Robert Turner has been promoted to marketing director of Derby construction company, J.H. FRYER. He was marketing manager.

■ W.B. INDUSTRIES has appointed Mr Charles Griffiths as finance director and company secretary, replacing Mr Jeff Sheward who has resigned. Mr Griffiths was with Al Baraka, the Saudi Arabian banking group.

GEEST has appointed Mr David A. Sugden *(above)* as group chief executive, succeeding Mr Leonard van Geest who becomes part-time chairman. Mr Geest succeeds Mr Charles A. Bystram whose contract expires on February 28. Mr Sugden was group finance director.

■ Mr Michael Boyle has been appointed chief financial officer, based in London, for BURSON-MARSTELLER's 19 European offices. He was Europe treasurer of Schlumberger. Mr Ken Allsopp and Mr Brian Coleman-Smith have been appointed directors of Burson-Marsteller London.

■ ABBEY LIFE INVESTMENT SERVICES has appointed Mr Peter Chesterfield as director of Far Eastern equities. He was senior fund manager.

■ Mr George Cochrane has been appointed finance director at RUSSELL HOBBS TOWER. He was operations director of Kwik-Fit Euro.

■ ICI corporate treasurer Mr Adrian Auer has been appointed to the new post of regional financial officer, ICI Asia Pacific, based in Singapore, from the beginning of next month.

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AUTHORISED UNIT TRUSTS

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GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ψ - 0001 to 1100 hours; ‡ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Wardley Unit Tst Mngrs Ltd (0900)H						
3 Harbour Exchange, London, E14 9GJ 01-955 5055						
American ♦	5¼	69.38	69.38	74.20	-1.35	1.5
Intl Growth ♦	5¼	84.13	84.13	89.97	-0.82	0.8
Income ♦	5¼	134.3	134.3	143.6	-1.10	4.8
Japan Growth ♦	5¼	243.7	243.7	260.6	-4.90	-0.1
Pacific Perf ♦	5¼	159.6	159.6	170.6	-1.60	0.1
Small Co's ♦	5¼	135.2	135.2	144.5	-1.20	1.4
Technology	5¼	33.94	33.94	36.29	-0.33	0.1
Australia	5¼	65.05	65.05xd	69.57	+0.58	2.8
UK Trust ♦	5¼	183.1	183.1xd	195.8	-2.50	2.6
European Growth ♦	5¼	77.31	77.31	82.68	-0.46	0.1
Hong Kong ♦	5¼	33.43	33.43	35.75	-0.22	1.8
Intl Income	5¼	22.06	22.06xd	23.59	+0.06	7.2
S'pore & Mlysa Gth	5¼	41.30	41.58	44.48	-0.65	0.1
British Winners ♦	5¼	27.15	27.15	29.03	-0.42	2.2
Japan Smllr Cos ♦	5¼	33.17	33.33	35.65	-0.02	0.1
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	6	15.95	16.21	17.29	+0.29	0.00
Pacific Basin	6	31.02	31.02	33.06	-0.19	0.60
Can Balncd Gwth ♦	6	46.85	46.85	49.84	-0.20	0.10
Glmue Mag ♦	4	0.9798	0.9817	1.0226	+0.09	7.52
Penny Share	6	29.42	29.42	31.29	+0.03	0.50
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	146.5	149.1xd	158.7	-0.5	5.57
Wellington Growth	5¼	244.8	245.3	261.0	-0.3	1.35
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432						
Wessex UK Gwth	4½	114.5	118.2	123.1	—	3.79
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Challenger & F	2¼	61.63	61.63	63.19	-0.08	0.08
Short Dtd Gilt ♦ F	1¼	83.02	83.02	84.14	-0.02	6.01
U.S. Govmnt Bond ♦ F	1¼	.5795	.5795	.5870	—	0.00
Willbro Financial Services Ltd (0905)F						
PO Box 515, 6 Broadgate, London EC2 01-588 7511						
Soul Friars W'wide	5	206.6	210.1xd	223.5	—	2.36
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Convertl & Equity	5	58.41	58.41	62.24	-0.19	7.42
European	5	83.60	83.86	89.21	+0.25	0.09
Far Eastern	5	78.70	79.05	84.10	-0.86	0.58
Growth Inc	5	79.85	79.85	85.11	-0.42	1.57
Growth Acc	5	79.92	79.92	85.20	-0.42	1.57
Income Inc	5	78.86	78.86	84.06	-0.76	4.92
Income Acc	5	78.96	78.96	84.17	-0.76	4.92
Property Share	5	48.97	48.97	52.20	-0.31	1.07
Smaller Co's	5	44.90	48.67	51.77	-0.32	1.90
Nth American	5	61.98	61.98	66.29	+0.06	1.65
International	5	50.50	50.50	54.08	-0.08	1.38
Asset Value	5	164.96	164.96	176.42	-2.02	4.43
Wright Seligman Fund Mngrs Ltd (1700)F						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Intl Growth	5	113.98	113.98xd	119.98	—	3.19
UK Growth	5	102.32	102.32	107.71	—	2.79
UK Income	5	100.25	100.25xd	105.53	—	4.26
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	59.06	60.25xd	65.15	-0.26	2.66
YUTM UK Eqty Inc Tst	5¼	60.41	61.65	65.59	-0.45	4.45
YUTM Intl Gwth Tst ♦	5¼	57.81	57.81	61.36	+0.08	0.68

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Grs
Baillie Gifford & Co Ltd				
Int'l Expt January 3	578.4	600.0xd	—	0.68
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Dec 31		558.95	—	4.71
Fxd Int Sec Dec 31		156.10	—	10.51
Deposit Dec 31		100.00	—	14.85
Charinco/Charishare‡‡ (1800)F				
33 King William Street, EC4R 9AS 01-280 2800				
C'inco Inc Jan 3	160.0	164.1	-1.00	10.08
C'inco Acc Jan 3	690.4	708.2	-4.20	10.08
C'share Inc Jan 3	163.4	169.9	-2.50	4.12
C'share Acc Jan 3	183.6	191.0	-2.90	4.12
CAFINVEST—Charities Aid Foundation				
48 Pembury Rd, Tonbridge TN9 2JD 0732 771333				
Balanced Growth	56.15	57.89	—	4.00
Income	51.56	52.62	—	8.00
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Dec 31		536.88	—	4.90
Accum Dec 31		1817.29	—	—
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Jan 10	143.3	147.2	-3.1	1.52
Managed Jan 10	147.1	152.6	+0.1	2.98
Japan Jan 11	148.1	152.2	-9.5	0.14
Pacific Jan 12	562.7	578.2	-15.0	0.18
Sm Jap Cos Jan 12	529.7	544.3	-11.9	0.07
Fidelity Investment Services Ltd				
Mngd Pens P'folio	139.2	142.1	-0.80	0.54
Robert Fleming Asset Mngmt Ltd				
Am Exempt Jan 2	£449.45	449.90	—	2.04
Gen Exempt Jan 2	£135.48	138.30	—	3.90
Jap Exempt Jan 2	£690.98	704.57	—	0.50
Pacific Exempt Jan 2	£104.96	107.19	—	2.72
Contl Euro Exmpt Jan 2	£106.56	108.68	—	2.50
Indexed Exempt Dec 14	£125.94	129.04	—	4.25
Amer Indxd Exmt Dec 14	£96.32	97.29	—	3.24
Japan Indxd Exmt Dec 14	£95.35	97.26	—	0.50
Euro Indxd Exmt Dec 14	£113.51	115.81	—	2.65
O'seas Indxd Exmt Dec 14	£115.07	117.46	—	1.90
Foreign & Colonial Pens Mngt Ltd				
Exempt Funds				
Anglo-Nippon Jan 8	2236.4	2350.6	-73.6	0.84
European Inc Jan 8	122.0	128.6	+1.8	1.62
European Acc Jan 8	130.1	137.2	+1.9	1.62
North American Jan 8	581.8	603.6	-15.4	1.99
South East Asia Jan 8	332.5	349.8	+0.8	2.72
Funds in Court*				
Capital Jan 5	529.7	532.2	—	1.93
Gross Jan 5	207.2	208.2xd	—	7.45
High Yield Jan 5	315.3	316.8	—	5.42

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INSURANCES

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Continued on next page

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OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

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LONDON SHARE SERVICE

BRITISH FUNDS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99[illegible]	98[illegible]	Exch 11pc 1990‡‡	99[illegible]xd	.....	11.03	14.42
101[illegible]	99[illegible]	Exch. 12½pc 1990	99[illegible]	.....	12.56	14.69
97[illegible]	91[illegible]	Treas. 3pc 1990	97[illegible]	.....	3.06	11.98
97[illegible]	95[illegible]	Treas 8¼pc 1987–90‡‡	97[illegible]	.....	8.44	13.65
98[illegible]	95¼	Treas. 8pc Cv 1990 ‡‡	97[illegible]xd	.....	8.22	13.76
98[illegible]	96[illegible]	Treas. 10pc Cv 1990	96[illegible]	+ [illegible]	10.31	14.21
93[illegible]	87[illegible]	Exch 2½pc 1990	93[illegible]	+ [illegible]	2.68	10.84
101[illegible]	98[illegible]	Treas 11¾pc 1991	98[illegible]	+ [illegible]	11.97	13.78
93¼	89[illegible]	Funding 5¾pc '87–91‡‡	93[illegible]	.....	6.18	12.02
90[illegible]	86[illegible]	Treas. 3pc 1991	90[illegible]	+ [illegible]	3.31	10.79
100[illegible]	95½	Treas 10pc Cv '91 ‡‡	96[illegible]	+ [illegible]	10.42	13.09
101[illegible]	96[illegible]	Exch 11pc 1991	96[illegible]	+ [illegible]	11.35	12.96
94[illegible]	91[illegible]	Treas 8pc 1991	92	+ [illegible]	8.70	12.86
106[illegible]	100[illegible]	Treas 12¾pc 1992‡‡	100[illegible]xd	.....	12.63	12.49
99½	95¼	Treas 10pc 1992	95[illegible]	+ [illegible]	10.49	12.59
94[illegible]	90[illegible]	Treas. 8pc 1992 ‡‡	91½	+ [illegible]	8.74	12.43
100¾	96[illegible]	Treas 10½pc Cv 1992‡‡	96½	+ [illegible]	10.88	12.29
85[illegible]	82¼	Treas. 3pc 1992	84[illegible]	+ [illegible]	3.55	10.48
105[illegible]	99[illegible]	Exch. 12¼pc '92	99[illegible]	+ [illegible]	12.29	12.36
109[illegible]	102[illegible]	Exch 13½pc 1992	102[illegible]	+ [illegible]	13.12	12.18
94[illegible]	90[illegible]	Treas 8¼pc 1993	90[illegible]xd	+ [illegible]	9.11	11.99
100[illegible]	95[illegible]	Treas 10pc 1993‡‡	95[illegible]	.....	10.49	11.77
108[illegible]	101[illegible]	Treas 12½pc 1993‡‡	102	+ [illegible]	12.26	11.81
88[illegible]	84[illegible]	Funding 6pc 1993‡‡	85[illegible]	.....	7.01	10.87
113[illegible]	106[illegible]	Treas 13¾pc 1993‡‡	106[illegible]	+ [illegible]	12.95	11.70
94[illegible]	89[illegible]	Treas. 8½pc 1994	89[illegible]xd	.....	9.45	11.69
117[illegible]	109½	Treas 14½pc 1994‡‡	109[illegible]	.....	13.25	11.54
113[illegible]	106[illegible]	Exch 13½pc 1994	106[illegible]	+ [illegible]	12.72	11.63
100[illegible]	94[illegible]	Treas. 10pc Ln. 1994‡‡	95[illegible]	.....	10.52	11.44
110¼	102[illegible]	Exch. 12½pc 1994	103[illegible]	.....	12.13	11.62
96[illegible]	91[illegible]	Treas 9pc 1994‡‡	91[illegible]	+ [illegible]	9.87	11.40
		Five to Fifteen Years				
108[illegible]	101[illegible]	Treas 12pc 1995	101[illegible]xd	.....	11.78	10.50
79[illegible]	72	Exch 3pc Gas 90–95	75¾	.....	3.96	8.62
101[illegible]	95[illegible]	Exch. 10¼pc 1995	95[illegible]xd	.....	10.73	11.36
113[illegible]	106[illegible]	Treas 12¾pc 1995‡‡	106[illegible]	– [illegible]	11.99	11.23
119[illegible]	110[illegible]	Treas. 14pc '96	110[illegible]xd	– [illegible]	12.64	11.47
97½	90[illegible]	Treas. 9pc 1992–96‡‡	90[illegible]	.....	9.93	11.14
126[illegible]	117[illegible]	Treas 15¼pc 1996‡‡	117½	– [illegible]	12.99	11.30
117[illegible]	108[illegible]	Exch 13¼pc 1996‡‡	108[illegible]	– [illegible]	12.17	11.24
101[illegible]	94½	Conversion 10pc 1996	94[illegible]	.....	10.56	11.13
118½	109[illegible]	Treas 13¼pc 1997‡‡	110xd	+ [illegible]	12.06	11.17
104[illegible]	96[illegible]	Exch 10½pc 1997	97[illegible]	+ [illegible]	10.82	11.10
95[illegible]	88[illegible]	Treas 8¾pc 1997‡‡	89¼	+ [illegible]	9.82	10.69
128[illegible]	118[illegible]	Exch 15pc 1997	118[illegible]	+ [illegible]	12.64	11.31
100[illegible]	93[illegible]	Exch. 9¾pc 1998	93[illegible]xd	+ [illegible]	10.40	10.94
		[illegible]				
		Over Fifteen Years				
		[illegible]				

BRITISH FUNDS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103[illegible]	93[illegible]	Conversion 9½pc 2005	94[illegible]	+ [illegible]	10.09	10.26
111¾	101¼	Exch. 10½pc 2005	101[illegible]	+ [illegible]	10.30	10.24
125[illegible]	114[illegible]	Treas. 12½pc 2003–05	114[illegible]	+ [illegible]	10.89	10.44
90[illegible]	81[illegible]	Treas. 8pc 2002–06‡‡	82[illegible]	+ [illegible]	9.69	10.19
118[illegible]	108[illegible]	Treas. 11¾pc 2003–07	109xd	+ [illegible]	10.78	10.46
96[illegible]	86[illegible]	Treas 8½pc 2007 ‡‡	87[illegible]xd	+ [illegible]	9.70	10.01
134[illegible]	122[illegible]	Treas. 13½pc '04–08	122[illegible]	+ [illegible]	10.99	10.38
101[illegible]	91[illegible]	Treas. 9pc 2008 ‡‡	92	+ [illegible]	9.78	9.96
94[illegible]	91[illegible]	Treas. 9pc 2008 B	92	+ [illegible]	9.78	9.94
92[illegible]	82[illegible]	Treas 8pc 2009	83½	+ [illegible]	9.57	9.90
102[illegible]	91[illegible]	Conv 9pc Ln 2011 ‡‡	92[illegible]xd	+ [illegible]	9.76	9.88
68[illegible]	61[illegible]	Treas 5½pc 2008–12‡‡	61[illegible]	.....	8.92	9.71
89[illegible]	80[illegible]	Treas. 7¾pc 2012–15‡‡	80[illegible]xd	.....	9.60	9.83
132[illegible]	118[illegible]	Exch. 12pc '13–'17	118[illegible]	+ [illegible]	10.08	9.90
		Undated				
45[illegible]	40[illegible]	Consols 4pc	40[illegible]xd	+ [illegible]	9.94	–
40[illegible]	35[illegible]	War Loan 3½pc‡‡	35[illegible]	+ [illegible]	9.82	–
70[illegible]	60[illegible]	Conv. 3½pc '61 Aft.	61[illegible]	+ [illegible]	5.74	–
41[illegible]	31[illegible]	Treas. 3pc '66 Aft.	31[illegible]	+ [illegible]	9.49	–
30[illegible]	24[illegible]	Consols 2½pc	25[illegible]	+ [illegible]	9.95	–
29½	24[illegible]	Treas. 2½pc	24[illegible]	+ [illegible]	10.10	–
		Index-Linked				
		(b)			(1)	(2)
112[illegible]	103[illegible]	Tr. 2pc '92‡‡(97.8)	112[illegible]	+ [illegible]	3.11	4.25
		[illegible]				

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1989: 114.3 and for November 1989: 118.5.

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Building Societies				
100½	98¾	N'wide Anglia 12[illegible]pc 29.1.90	99[illegible]	.....	12.59	14.91
100	98¾	Do. 12[illegible]pc 26.2.90	99[illegible]	.....	12.76	15.28
100	98[illegible]	Do. 12¾pc 19.3.90	99[illegible]	.....	12.94	15.20
100[illegible]	98[illegible]	Do 13¾pc 23.4.90	99[illegible]	.....	13.46	15.17
100	98[illegible]	Do 13pc 14.5.90	99[illegible]	.....	13.80	15.14
100	98[illegible]	Do. 13[illegible]pc 4/6/90	99[illegible]	.....	13.76	15.07
100[illegible]	99[illegible]	Do. 14[illegible]pc 2.7.90	99[illegible]	.....	14.36	14.99
100[illegible]	98[illegible]	Do. 13[illegible]pc 23.7.90	99[illegible]	.....	13.71	14.97
100	98[illegible]	Do. 13[illegible]pc 13.8.90	99[illegible]xd	.....	13.56	14.96
100	98[illegible]	Do. 13½pc Bds 3.9.90	99[illegible]	.....	13.63	14.65
109	98½	Do. 3¾pcIL Ln 2021	107½	–½	4.30	4.53
109	99[illegible]	Do. 4.25pcIL '24	107¼	–¼	4.29	4.30
		Public Board and Ind.				
47[illegible]	43[illegible]	Met. Wtr. 3pc 'B'	45xd	.....	6.67	10.26

FOREIGN BONDS & RAILS

1989/90 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	40	Greek 7pc Ass.	50	.....	3.50	[illegible]
50	40	Do 6pc 28 Stb. Ass.	50	.....	3	[illegible]
50	40	Do 4pc Mixed Ass.	50	.....	3	[illegible]
80	65	Hung. '24 Ass.	60	.....	2.75	[illegible]
139[illegible]	125[illegible]	Hydro Quebec 15pc 2011	125[illegible]	+ [illegible]	15.00	11.69
128[illegible]	113[illegible]	Iceland 14½pc Ln 2016	115	.....	14.50	12.54
		[illegible]				

AMERICANS

[illegible]

Continued on next page

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

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AMERICANS – Contd

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15½	8⁴⁷p	Hasbro Inc 50c	12½	......	16c	–	0.8
57½	32¼	Honeywell $1½	51	+⅛	$2.75	–	3.4
22⅝	15¼	Houston Inds $	20⅛	–⅛	$2.96	–	9.0
76½	58½	IBM Corpn $1¼	59	–½	$4.84	–	5.1
62p	45p	Image Storage/R Sys Ic.	48p		–	–	–
32½	18¾	Ingersoll-Rand $2	31½	–⅛	$1.20	–	2.4
33¼	22½	Lockheed Crpn $1	24½	....	$1.80	–	4.6
22⅝	9½	Lone Star Inds $1	9½	+⅛	$1.90	–	12.7
28	17½	Louisiana Land 15c	25¼	+⅛	$1.00	–	2.5
20½	11½	Lowe's 50c	16¾	–⅛	52c	–	1.9
38½	15	Manuf. Hanover $1	19⅝	–⅛	$3.28	–	10.6
22⅝	13	Merrill Lynch $1	15½	–½	$1.00	–	4.2
24¼	19	Motel Inc	22½	–½	3.2c	–	–
30½	18¾	Morgan (JP) $2½	25	–⅝	$1.82	–	4.6
28	24	Morris (Philip)	24	–⅛	$1.13	–	3.0
56½	36¼	NYNEX $1	51½	–⅛	$4.36	–	5.4
44p	11p	Nowice Legal Serv.	15p	–4	–	–	–
24¾	18¼	PHH Corp	21	–⅛	$1.16	–	3.5
259p	167p	Pacific Agr	167p		–	–	–
29⅝	19	Pacificorp $3¼	27½	+⅛	$2.76	–	6.1
31⅝	16⅝	Pacific Telesis 10c	28	–⅛	$1.88	–	4.2
22⅞	15¼	Pall Corp 25c	23	+⅛	48c	–	1.4
55½	39	Pennzoil 83 1/3c	51	–⅛	$3.00	–	3.7
42¼	26⅝	Quaker Oats $5	33	....	$1.40	–	2.6
32⅝	23	Rep NY Corpn $5	30	–⅛	$1.28	–	2.6
16¼	11	Rockwell Intl. $1	13½	+⅛	78c	–	3.6
29½	22	Sears, Roebuck 75c	22½	–⅛	$2.00	–	5.6
40¼	21½	Southwestern Bell $1	34¾	+⅛	$2.60	–	4.7
27⅞	17	Sun Co. Inc $1	25½	+⅛	$1.80	–	4.5
31⅝	22	TRW Inc 62½c	29¾	+⅛	$1.72	–	3.7
40	26¼	Tenneco $5	37¼	–⅛	$3.04	–	5.1
36	28	Texaco $6.25	34	+⅛	$3.00	–	5.5
28	18	Texas Instr. $1	21½	–⅛	80c	–	2.3
117	55⅝	Time Inc $1	79½	....	$1.00	–	0.8
19½	13	TRINOVA Corp	15	+¼	$68c	–	2.9
26¾	16	USX $1	21½	–⅛	$1.40	–	4.1
[illegible]							

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

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LEISURE

1989/90 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
170	126	Airtours 10p	y	146	.....	7.0	♦	6.6	♦
315	195	Anglia TV	⊞	268	−2	†7.75	3.3	3.9	10.4
*168	94	Avesco 1p	⊞	96	.....	†g1.13	6.3	1.6	12.3
34	9	BCE Hldgs 5p	y	15	.....	0.4	−	3.6	−
395	245	Barr & W.A.T. 'A'	y	295	.....	†15.0	1.7	6.8	11.9
540	225	Boosey & Hawkes	y	425	.....	†10.0	2.5	3.1	16.8
60	35	Border T.V.	y	46	.....	†2.0	3.4	5.8	6.7
423	317	Brent Walker 10p	⊞	367	−1	†11.0	3.6	4.0	7.4
117	79	Do 6pc.Cv.Cm.Rd.Pf	y	103	+1	6.0	−	7.8	−
*103	80	Buckingham Int'l. 10p	y	88	.....	−	−	−	−
344	146	Campari Int. 20p	y	209	−2	8.5	3.9	5.6	5.3
1135	504	Capital Radio 10p	⊞	1020	−10	18.0	3.2	2.4	17.4
958	662	Carlton Communications	c	778	−17	9.37	♦	1.6	♦
125	95	Do. 6.5p Prf	y	103	−1	6.5	−	8.4	−
465	268	Castle Comm's. 5p	y	425	.....	8.5	♦	2.7	♦
823	579	Central ITV	⊞	763	.....	†25.5	2.5	4.5	11.6
248	123	Chrysalis	y	143	.....	s3.45	0.1	3.2	−
151	50½	Cityvision 5p	⊞	143	−3	†h0.5	10.1	0.5	28.2
38	10	Classic Th'bred Inl 20	y	13	.....	−	−	−	−
392	258	Compass Group 5p	⊞	382	+1	9.0	2.6	3.2	16.0
1025	865	Euro Disneyland Fr10		973	−10	−	−	−	−
*99	62½	European Leisure	y	93	−1	g1.5	3.1	2.2	18.2
110	54	Ex Lands 10p	y	55	−1	0.5	−	1.2	−
*117	80	Expedier Leis. 20p	y	88	−1	−	−	−	27.0
890	437	Fairline Boats 10p	c	820	−5	18.5	4.3	−	10.1
248	149	First Leisure	⊞	234	−1	†2.93	3.3	1.7	23.7
755	565	GWR Group 20p	y	585	.....	12.0	♦	2.8	♦
74	45	Grampian TVA 10p	⊞	71	+½	13.0	2.8	5.6	8.1
31	20	Greenwich Comm.	y	26	+1	−	−	−	−
136	85	HTV Ord	⊞	135	.....	5.0	3.7	4.9	7.0
137	68	Hi-Tec Sports	y	74	.....	4.5	2.6	8.1	6.3

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
25	9	Corg Petroleum NL A25c	12	+1	−	−	−	−
26	20	Edinburgh Oil ... y	25	.....	−	−	−	−
£108½	£95½	ELF UK 12¼ Ln... y	£96½	.....	Q12¼%	−	12.7	−
685	418	Enterprise Oil	647	−2	†11.0	1.5	2.3	07.2
£100¼	£89⅞	Do. 10¾ pc 2013.. y	£89⅞	−⅛	Q10¾%	−	12.1	−
12	4½	Evergreen Res.	8½	.....	−	−	−	−
276	82	Ex. Co. Louisiana 1c	263	.....	−	−	−	−
£31¼	£23¼	Exxon	£29⅝	−½	Q$2.20	−	4.7	−
16¾	9½	Fairhaven Intl. 5c.. y	14	+¼	−	−	−	−
41	20	Firstland Oil 10p.. y	28	+5	−	−	−	−

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
333	224	Westn. Mining 50c	315	+9	†Q23c	1.4	3.5

Tins

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
45	30	Ayer Hitam SM1	30	.....	Q53.3c	0.7	‡
75	38	Gopeng Berhad M$0.50	75	.....	†Q10c	2.0	3.0
84	47	Malaysia Mng. 10c	62	.....	Q5c	4.0	1.8
180	120	Petaling SM1	160	.....	Q180c	−	25.2
150	90	Sungei Besi SM1	125	.....	−	−	−
90	90	Tanjong 15p	90	.....	−	−	−

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

- Not comparable
- Same interim; reduced final and/or reduced earnings indicated
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend b Figures based on prospectus or other offer estimate c Cents d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987 Q Gross R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	91	+3
Craig & Rose £1.. y	230	.....
Finlay Pkg. 5p .. y	57	−1
Holt (Jos) 25p .. y	1348	+6

IRISH

Cap 8½% Ln. 1991	£96¼	.....
9pc Cap Ln. 1996	£96½	.....
Fin. 13% 97/02	£115	.....
Arnotts	405	.....
Carrol (P.J.) ...... y	175½	+1
Hall (R. & H.)	105	.....
Helton Hldgs..... y	102	+1
IRG	210xr	−10
United Drug	178	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¼
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	59
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	5
FNFC	22
Gen Accident	92
GEC	19
Glaxo	69
Grand Met	44
Guardian	39
GKN	33
Hanson	13
Hawker Sidd	55
ICI	90
Jaguar	65
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds	59
Marks & Spencer	16
Midland Bk	20
Morgan Grenfell	30
Nat West Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	24
STC	25
Sears	9
Smith Beecham A	43
TI	38
TSB	9
Tesco	16
Thorn EMI	65
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	19½
Shell	37
Tuskar Res	12
Ultramar	26½

Mines

Lonrho	23
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FINANCIAL TIMES
Weekend January 13/January 14 1990

Lithuania rejects Gorbachev plan

NATIONALIST leaders in the Soviet republic of Lithuania yesterday angrily rejected President Mikail Gorbachev's plans to defuse their demands for outright independence, as the Soviet leader urged and pleaded with ordinary workers to think again.

Meanwhile, Soviet authorities had "lost control" in the Azerbaijani city of Lenkoran, according to the Tass news agency. The local radio station was seized and a "provisional defence committee" had taken over responsibility for law and order.

Mr Gorbachev's vision of a radically-reformed federal state, with far-reaching autonomy for the constituent republics, failed to dampen the nationalist fervour on the streets and farms of the Baltic republic.

Crowds turned out to challenge his insistence that the country must stay together.

The leader of the republic's mass national movement rejected as "a cheap lie" his promise of a new law laying down precise details of how a dissident republic may leave the Soviet Union

"*This is a cheap* lie, a lie *for* naive people in the West," Mr Vytautas Landsbergis, the music professor who heads the Sajudis movement, said. "I wonder if it came from him or someone suggested it to him. It means other people will decide for us."

In an emotional and often angry address to leading members of the Lithuanian intelligentsia on Thursday night, the

Mr Gorbachev again faced the people of Lithuania yesterday during his visit to the town of Siauliai

The Soviet leader's vision of a reformed federal state failed to dampen nationalism. Quentin Peel reports

Soviet leader made clear that he would not allow Lithuania on its own to decide to quit the Soviet Union.

Ruling out the Lithuanian demand simply to hold its own referendum on the issue, he *made clear that any new* law would require approval for secession from the rest of the USSR.

As if to underline the depth of the nationalist challenge Mr Gorbachev is facing on all sides, Tass yesterday reported the death of a Soviet soldier in the territory of Nagorno-Karabakh, where Armenians are fighting Azerbaijanis to secede from that republic.

"What is going on concerns all the people," Mr Gorbachev said yesterday. "If tomorrow you just raise your hands and walk out of the Union, that is not politics. It is simply not serious.

"*We have to* deal with all the republics, with the whole state to decide all the questions."

Angry Lithuanians yesterday condemned the Soviet leader for his hectoring tone and angry words, although in other circumstances, his speech – which was broadcast in full on national Soviet television last night – would have been a masterpiece of impromptu oratory. He combined reason with anger, and warm words with sharp criticism.

"You cannot be a Lithuanian but at least be a human being," one placard stated yesterday as he arrived at the town of Siauliai to visit a military base, a collective farm and a television factory.

The draft law promised by Mr Gorbachev appears to be not simply about how a republic may exercise its constitutional right to secede from the USSR – a right which has always existed on paper – but a law on the whole federal relationship between the 15 republics and the centre.

The Soviet leader challenged the Lithuanians to think again about *staying in a real federation* – admitting that the present Soviet state was nothing of the kind.

"We have to go through the real development of the sovereign state, united in a federation," he said. "Do you know what a federation is? How could you know? You have never lived in one. That is why you cannot give me any arguments that you know a federation."

The entire exercise launched by the Soviet leader in Lithuania, in the full blaze of Soviet television cameras and the international press, appears to be an attempt to sway the whole tide of Lithuanian nationalism with the power of his own personality.

If not, then it is an attempt to show the rest of the country that he has done everything in his power to keep the USSR intact.

Although officially his mission is to persuade the Lithuanian Communist Party not to break away from his all-union Soviet Communist Party, he has concentrated instead on the fundamental question of whether Lithuania will break away from the rest of the USSR.

Yet frequently his words met the same reaction. "We didn't ask to join the Soviet Union. We were occupied," a Lithuanian office secretary said, referring to the 1940 occupation by the Soviet Red Army. "So we don't need to ask to leave it."

Modrow gives up plan for security force

By Leslie Colitt in Berlin and Our Foreign Staff

EAST GERMANY'S new Government has bowed to opposition pressure and withdrawn plans to resurrect a domestic security police force before free elections in May.

The climbdown by Mr Hans Modrow, the Prime Minister, was the latest in a chain of compromises made by the beleaguered Communists to retain power. It came only a day after he insisted that a new security police organisation, the Bureau for the Protection of the Constitution, was vital to combat a wave of neo-Nazi activity and drug crime.

Mr Modrow told the Volkskammer (parliament) about the decision after three of his four coalition partners threatened to quit over the formation of the security service, and hundreds of thousands of people protested in East Berlin and Leipzig on Thursday night.

Demonstrators tore down East German flags and cut out the central Communist crest, while a chorus of several hundred honking East Berlin taxicabs outside the Volkskammer protested against the hiring by the state taxi company of some 200 former employees of the former Ministry of State Security. The ex-security men were said to be earning double the wages of other drivers.

In another concession to East Germany's reform movement, Mr Modrow set June 30 as the deadline for abolition of the Stasi security police that shored up the Stalinist regime for 40 years.

He said he had sacked the official supervising dissolution of the Stasi for incompetence. Some 25,000 of the Stasi's 85,000 employees have already been sacked and the Government says the paramilitary organisation has been disarmed. Former state security minister Mr Erich Mielke has been jailed on suspicion of corruption.

The political developments overshadowed parliament's approval of changes in the constitution to lift the ban on foreign investment and allow private-sector industrial companies and joint ventures to be set up.

Parliament voted overwhelmingly to change the country's rigid constitution to allow foreign participation in East German businesses of all sizes.

Mr Christa Luft, Economics Minister, told parliament that the Government would issue a decree regulating joint ventures in two weeks, a temporary measure pending full legislation after elections.

Earlier, Mr Uta Nickel, Finance Minister, said the Government would consider exceptions to its planned 49 per cent ceiling on foreign shareholdings which has been criticised in West Germany as not going far enough to attract outside investment.

Mr Modrow pledged sweeping reforms when he took office amid mass protests two months ago.

However, opposition and coalition partners have accused his Communist party of trying to stifle democracy and secretly restore the old security police.

His retreat on the security police revealed the fragility of the truce between the new opposition parties and the Communist-led Government but could, at least temporarily, save Government-opposition round table talks from collapse on Monday.

Indian Government to reopen Bhopal case

By K.K. Sharma in New Delhi

THE Indian Government is to reopen the case for damages against Union Carbide, the US chemicals group, over the devastating effects of the 1984 *Bhopal gas leak*, the world's worst industrial disaster.

The leak killed more than 3,000 people and injured more than 200,000.

Mr Dinesh Goswami, India's Minister of Law and Justice, yesterday described the $470m (£290m) compensation fixed last year by India's Supreme Court as "totally inadequate." He said the Government had decided to support the petitions brought by some victims seeking a review of the court order.

The Supreme Court compensation deal had been accepted by Union Carbide and the previous administration of Mr Rajiv Gandhi. The Court is now holding hearings to review petitions brought on behalf of the victims, challenging the legality of the settlement and an Act under which the Government has been made the sole representative of the victims of the tragedy.

Mr Goswami said V.P. Singh's Government, elected late last year, had decided to support the petitions on both *issues. He felt that the* constitutional and legal rights of the victims to seek all judicial remedies available to them could not be bartered away. "Human life in India is not so cheap that the worst industrial disaster of the world which has affected the lives and health of hundreds of thousands of people could be compensated by an amount of $470m," he said.

The minister said that, to relieve the suffering of the affected people in Bhopal who have so far received no compensation, the Government had decided to make interim relief payments.

Alan Friedman in New York writes: Union Carbide, headquartered in Danbury, Connecticut, said yesterday that it was aware of the events in India but only "through news reports" and was unwilling to react to Mr Goswami's description of the settlement as "totally inadequate."

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Badenwerk	257	+	6
Daimler-Benz	874	+	12
Mercedes	681	+	24
Falls			
Lahmeyer	900	–	15
MAN	450	–	9.5
Nixdorf	324	–	11

NEW YORK ($)

Rises			
Homestake Mng	22⅛	+	⅜
Rorer	50⅜	+	1⅜
Falls			
Digital Eq.	86⅜	–	1½
Paramount	46¾	–	1¼
Philip Morris	39⅛	–	¾
Philips Inds.	15¾	–	2¼

New York prices at 12.30pm.

PARIS (FFrs)

Rises			
Orsan	325	+	6
Falls			
BSN	740	–	11
CGE	528	–	12
Cofimeg	420	–	12
Matra S.A.	370	–	14.6
ST Gobain	651	–	15

TOKYO (Yen)

Rises			
Ashimori Ind	1360	+	200
Jeco	1500	+	150
Seiren	2630	+	250
Sonton Food	2030	+	210
Takigami Stl	2160	+	210
Tokyo Shering	1110	+	110

LONDON (Pence)

Rises			
Granada	354	+	6
Horne R.	395	+	5
Invicta Sound	193	+	5
Lonrho	317	+	3
Walker G'bank	69	+	4
Falls			
BPB	239	–	10
Barclays	559	–	9
Brit. Aero	564	–	11
Brit. Airways	223	–	8
Cable & Wire	540	–	23
Eurotunnel	653	–	5
Ferranti	33½	–	3½
GKN	434	–	8
Gerrard & Nat	290	–	15
Glaxo	775	–	27
Hawker Sidd	701	–	6
ICI	1151	–	31
Lloyds	443	–	5
Lucas Inds.	656	–	14
Midland	368	–	6
Racal Telecom	379	–	14
Refuge	693	–	16
STC	267	–	10
Shell	458	–	9
SmthKline Bchm	594	–	16
Sock Shop	79	–	4

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	15	59	Dallas †	S	6	43	Madeira	S	18	64	Prague	C	2	36
Algiers	C	12	54	Dublin	S	7	45	Madrid	S	8	46	Reykjavik	F	1	34
Amsterdam	C	3	37	Dubrovnik	S	12	54	Majorca	F	13	55	Rhodes	S	14	67
Athens	S	12	54	Edinburgh	S	8	46	Malaga	S	14	57	Rio d'Janeiro		–	–
Bahrain	S	16	61	Faro	S	14	57	Malta	F	16	61	Rome	S	11	52
Barcelona	F	14	67	Florence	S	4	39	Manchester	R	8	46	Salzburg	S	-2	28
Belfast	S	6	43	Frankfurt	C	-1	30	Melbourne	F	21	70	S'Francisco †	C	12	54
Belgrade	Fg	-4	25	Geneva	C	-1	30	Mexico City		–	–	Santiago		–	–
Berlin	C	8	46	Gibraltar	R	13	55	Miami †	S	12	54	Seoul	F	2	36
Biarritz	S	13	55	Glasgow	S	8	46	Milan	S	5	41	Singapore	F	30	86
Birmingham	R	10	50	Guernsey	C	7	45	Montreal †	Sn	-1	30	Stockholm	Sn	-1	30
Blackpool	R	7	45	Helsinki	S	-17	1	Moscow	S	-23	-9	Strasbourg	C	-2	28
Bombay	S	31	88	Hong Kong	S	21	70	Munich	S	-9	16	Sydney	S	26	79
Bordeaux	F	4	39	Innsbruck	S	-2	28	Nairobi		–	–	Tangier	S	14	57
Boulogne	F	5	41	Inverness	S	7	45	Naples	S	11	52	Tel Aviv	C	13	55
Bristol	C	11	52	Isle of Man	F	8	46	Nassau		–	–	Tenerife	C	18	64
Brussels	S	6	43	Istanbul	S	7	45	Newcastle	C	9	48	Tokyo	S	10	50
Buenos Aires		–	–	Jersey	C	5	41	New Delhi	S	21	70	Toronto †	C	-4	25
Budapest	Dr	-5	23	Johannesburg	F	23	73	New York †	F	4	39	Tunis	C	16	61
Cairo	S	17	63	Las Palmas	F	20	68	Nice	S	13	55	Valencia	C	12	54
Cape Town	S	25	77	Leeds	R	9	48	Nicosia	S	16	61	Venice	S	5	41
Cardiff	R	11	52	Lisbon	S	9	48	Oporto	S	10	50	Vienna	Fg	-5	23
Chicago †	C	-4	25	Locarno	S	5	41	Oslo	C	2	36	Warsaw	C	5	41
Cologne	S	3	37	London	C	9	48	Paris	Fg	0	32	Washington †	Sn	6	43
Copenhagen	S	7	45	Los Angeles †	C	12	54	Peking	S	-1	30	Wellington	S	20	68
Corfu	F	13	55	Luxembourg	Fg	-3	27	Perth	S	30	86	Zurich	C	-3	27

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

ASC members poised to outlaw brand accounting

By David Waller

THE ACCOUNTING Standards Committee is poised to take its first steps towards outlawing the controversial practice of brand accounting.

At a special meeting on Monday, ASC members will vote on an exposure draft recommending that the value of brands should not under normal circumstances be capitalised on *the balance sheet.*

The companies which stand to be directly affected by the ASC's proposals include Guinness, the drinks conglomerate; WPP, the advertising group, Grand Metropolitan, the drinks and foods company, and Ranks Hovis McDougall, the foods group. Using a variety of different methods, these are among the most important UK companies to have ascribed values to their brands and put them on the balance sheet.

The exposure draft will recommend that brands should not be recognised on the balance sheet. The reasoning for this is that the whole area of valuing brands is "inherently extremely subjective."

"Brands may be of considerable value to the business," the document states, "but that does not in itself imply that they should be accounted for as discreet assets. In practice it is seldom meaningful to value such assets individually *because their particular value* is to be found only when they are used in conjunction with all the other assets and attributes which comprise the business."

The ASC recommendation will be that an intangible asset should only be recognised on the balance sheet as a fixed asset in its own right if: it can *be discreetly recognised; if its* characteristics can be clearly distinguished from those of goodwill (the difference between the price paid for a company and its net tangible assets) and other assets, and: if its cost can be measured independently of goodwill, of other assets and of the earnings and cash flows of the relevant business or business segment.

Under the proposals, it will still be possible to capitalise the value of trademarks. But these and other intangible assets will have to be written off against profits over a period not exceeding 20 years.

The proposals will be controversial. The ASC's line is that brands are indistinguishable from goodwill, and that they should be accounted for as goodwill. Finance directors are upset about the goodwill proposals, which state that goodwill should be written off, and plan to lobby hard against the ASC.

N Ireland talks

Continued from Page 1

Mr Brooke pledged that Northern Ireland ministers would support Conservatives who are organising in the province for the first time since the 1920s. In the past, Government ministers have opposed their establishment through fear of splitting the Unionist vote and undermining the Secretary of State's role as an independent referee.

Chairman of the four Northern Ireland parties which have affiliated since November met Mr Kenneth Baker, party chairman, and Mr Brooke on Thursday. Mr Baker said yesterday "I hope that, with our assistance, they will continue to build up their membership and strength throughout the whole of the province and that many people will join them."

Ferranti's £15.4m loss

Continued from Page 1

the planned European Fighter Aircraft.

Further details have emerged about how the alleged fraud was conducted and how Ferranti uncovered it.

Ferranti's investigations uncovered the fraud early in September after payments for an ISC Technologies contract in Pakistan suddenly ceased. This led Ferranti to make checks on five Panamanian registered supplier companies.

These revealed that in two cases the companies had been wound up before they were supposed to have signed purchase contracts with ISCT. In some cases it appears seems ISCT signed contracts to purchase supplier before it signed contracts with purported customers.

THE LEX COLUMN

Back to grips with the real world

It was not altogether surprising that after last week's brisk start to the new decade, the world's equity markets should have suffered some sort of correction. Increasing political nervousness about the pace of change in Eastern Europe, a nasty fall in Tokyo and the end of a horrendous week for the global bond markets was enough to send a tremor through most equity markets. Understandably, sentiment is considerably worse than it was a week ago; but it would have been remarkable if the equity markets had continued to race ahead on dreams of tomorrow, ignoring such mundane worries as rising interest rates and increasing signs of corporate distress.

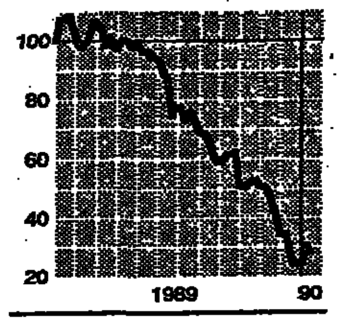
Since Christmas all of the world's big stock markets have hit new highs, yet Japanese bond yields have risen to their highest level in four years and other bond markets have been almost as badly hit. Share prices do not continue ever upwards in this sort of climate, especially when so much of the rise is based on a re-rating resulting from a shift in investment sentiment rather than any signs of underlying improvement in the economic backdrop. Yesterday's US producer price figures, for example, are just another reminder that inflationary pressures may be stronger than the markets were recently assuming.

The UK equity market has held up surprisingly well so far, given the depressing news from the gilt-edged market and the worries over wage inflation. The recent strength of sterling – it was back above the DM 2.80 level yesterday – was one of the few bits of good news this week. Given Wall Street's mood last night, next week may be another matter.

FT Index fell 31.4 to 1,909.1

Ferranti

Share price relative to the FT-A All-Share Index



Ferranti

With Ferranti's grim interim figures out of the way and the rights issue looming, shareholders will be asking themselves whether they should throw good money after bad. A bid may still come by early February. If not – and the market is no longer betting on it – it is unclear what the new shares will be worth. With twice the votes and dividend entitlement of the old, they should logically trade at twice the price. On this basis, yesterday's closing price of 33.5p should translate into an ex-rights price of 19.5p for the old and 39p for the new, giving a nil-paid value of 14p.

But since the prospect of an actual dividend is rather remote, the market may find that argument too hypothetical. The risk is that the new shares may drift down towards the old, with the £187m raised through the issue not fully reflected in the market capitalisation. If, as a result of such worries, the take-up of the issue were anything below 25 per cent, Ferranti would end up in the odd position of being controlled by a group of 10 underwriting institutions.

The case for taking up the issue rests on Ferranti's chances of independent recovery. Having made a pre-tax loss of £15m in the first half, it might perhaps break even in the second. The plan for the next year seems to envisage no further cash outflow at the operating level, with the rights money and cash from disposals (including some as yet unspecified) reducing net debt to insignificant levels by March 1991. This involves some generous assumptions about civil and military development expenditure being over the hump, which in the longer term is rather at odds with Ferranti's own emphasis on the rising costs of development and the need for a partner. Some sort of rescue still seems the only option; but its form is as hard to foresee as ever.

Bank lending

The latest statistics for bank lending to UK residents continue to display worrying signs. Total lending was 17.3 per cent higher for the 12 months to end-November, with lending to property companies up 50 per cent. That said, the three month figures to end-November were lower than both the previous quarter and the same period a year earlier – indicating the difficulty of distinguishing between lending due to economic growth and that caused by corporate distress. What seems likely is that the sudden jump in manufacturing debt in the three months to end-August was due to a build-up in stocks prompted by a sudden down*turn in consumer spending*; the end-November figures may have dropped because manufacturers slowed production to allow stocks to run down.

Most encouraging for the gilts market in the end-November figures is the drop in "other personal lending" (the housing figures are distorted by the first-time inclusion of Abbey National). Non-housing lending actually fell by 7.2 per cent over the year; the flip side of the jump in the savings ratio announced earlier in the week. However, it will be no help to the trade deficit if, instead of borrowing to buy imports, consumers finance purchases by high wage rises.

UK Aggregates

Six months since Hanson snapped up ARC, the UK's largest quarrying company, it seems the end-game is beginning for control of Britain's scarce, exploitable reserves of limestone, sand and gravel. By paying £110m for Civil and Marine Holdings, with its sea-dredged production conveniently close to south-eastern England, Evered moves up to the bottom of the first division of UK aggregates, not far behind Steetley and BTR's Tilcon. But there were seven other short-listed bidders for CAM – an indication of how few opportunities there are to get fair-sized quarrying businesses, and how many people want to buy.

CAM was a familiar story: a family company, chairman nearing retirement, selling to a larger group eager for market share. But with CAM gone, it is hard to think of many substantial private companies still in the business, barring the biggest, Foster Yeoman; and a glance at the map of a quarrying area like *Leicestershire* shows how hard *it* is to find space for a new one.

Industry gossip could be right to say BTR might soon sell Tilcon which, on the basis of recent transactions, like RMC's purchase of Thomas W. Ward, could fetch anything north of £200m. But that aside, outsiders wanting a worthwhile chunk of the UK aggregates market will have to take a run at one of the big quoted building materials companies.

Weekend FT

SECTION II — Weekend January 13/January 14, 1990

Living in fear of the mosque

"They cannot do much more to make us look Islamic," said a vivacious Jordanian girl shortly after the parliamentary elections in November. "Between every mosque and the next mosque they've already built two more mosques."

MOSQUE BUILDING, televised prayers and an insistence on even more religion in schools has been the reaction of governments throughout the Moslem world in recent years to the pressures from militant Islam.

Now, the middle classes, particularly in countries such as Algeria or Tunisia with long secular traditions, are wondering anxiously what may follow the mosque building. Will it be strict Koranic law, which would remove the civil liberties women have won in the last 40 years? Will it be prohibition? Or could it be the abolition of interest in the banking system? These questions become especially frightening at a time when when an Algerian Islamic leader can say that a woman should leave her house just three times: "To be born, to be married and to be taken to the grave."

This is the face of the Islamic revival that frightens people in the West. They think of Ayatollah Khomeini's death sentence on the writer Salman Rushdie, the assassination of President Sadat of Egypt and the bombing campaigns of Islamic revolutionaries which have terrorised almost every capital city in the Middle East during the 1990s.

Yet there is another way of seeing political Islam: as just one of the conflicting pressures for change in the region. Many educated Arabs hope that this change will give birth to a new liberal economic and political order, like that emerging in Eastern Europe. Although few expect a sudden wave of revolution and reform,such as that in the Communist world, Arabs have been watching events in those countries with anxious fascination.

■ ■ ■

Like the Communist empire, the Arab world is badly governed. Arab governments have no respect for human rights. Imprisonment without trial and torture are commonplace. The most brutal, nominally socialist, regimes in Syria, Iraq and Libya react to any threat by killing their opponents.

Arab governments have involved their peoples in pointless wars such as Iraq's invasion of Iran in 1980. They are almost all extremely corrupt — Kuwait is an exception. There is a growing gap between the rulers and ruled. Whereas in the 1950s and 1960s revolutionaries such as Nasser in Egypt and Ben Bella in Algeria were seen as representing the aspirations of their peoples — even if their actions were often misjudged — nowadays the idealism is gone.

In this unhappy situation, the catalyst for change is the failure of the countries' economies, as indeed it proved to be in Eastern Europe.

During the 1970s and early 1980s Arab countries learnt to live beyond their means. The Gulf countries with big oil production and small populations enjoyed unusually high oil prices. The other Arab countries benefited from a mixture of their own smaller oil revenues, the remittances of their workers in the rich countries and Gulf aid and investment. They were able to embark on grand construction schemes, subsidise their people's food and energy and guarantee school leavers jobs in government. Jordanian and Egyptian businessmen, bringing back money from the Gulf, built glossy properties or set themselves up as importers of luxury goods. Few invested in new industries. They developed societies which were good at consuming but not at producing.

While the boom continued it seemed safe to borrow abroad, but in 1986-88, as the oil price fell, the aid stopped and the remittances dwindled, it was realised that the Arab world had a debt crisis. In some countries — Egypt, Morocco, Jordan and Sudan — by 1988 foreign debt was more than gross national product.

Fundamentalism or reform? Michael Field tours the Arab world

The economic policies needed to meet this problem have either been imposed by the International Monetary Fund as part of debt reschedulings or have been adopted by governments a bit before reschedulings would have been necessary. The medicine is much the same in every country. It includes:

- ■ The gradual elimination of government budget deficits.
- ■ The removal of subsidies.
- ■ The floating of currencies — artificially high parities encourage consumption and imports.
- ■ The payment of real rates of interest by the banks, to encourage saving and discourage capital outflow.
- ■ The greater involvement of the private sector.

All of these policies have political implications. People who are told that their countries are virtually bankrupt and that the prices of the commodities on which they depend are to be raised lose faith in their governments. In Jordan, in April last year, there were riots in the part of the country that is normally most loyal.

Likewise if the private sector is told that it must invest at home it will want some say in forming economic policies. This point is emphasised by Dr Ahmed Fouda, the head of a private bank in Cairo. "They're beginning to realise here that one can't expect an economy to function as a free market without there being political freedoms," he says. "People must be able to propose economic initiatives, criticise government policies, lobby, sue government agencies."

Faced with these challenges the less severe Arab rulers are adopting policies of gradual democratisation. In Algeria early last year a referendum endorsed a relatively liberal constitution, abolished the political monopoly of the *Front de Liberation Nationale* and opened the door to the formation of other parties.

In Tunisia, since President Ben Ali displaced the senile Bourguiba in November 1987, the changes have been more numerous but smaller. After his coup Ben Ali declared a general amnesty for political prisoners — in effect Islamic politicians — which led to an immediate end to the street confrontations between the security forces and unemployed youths. Since then he has made various concessions to the Islamic forces, such as allowing ministries to close for prayer on Friday afternoons, and he is trying to involve the Islamic leaders in government.

The most striking and recent change has been in Jordan, where in November elections were held for the first time since 1967. Candidates were not allowed to group themselves into parties but the outcome was that Islamic candidates won almost half the seats in parliament. King Hussein was no doubt disappointed by the result, but he accepted it without hesitation and allowed his new prime minister to form a government containing Moslem Brotherhood sympathisers. Then in November martial law was lifted — a move which gave greater authority to the judiciary and curbed the power of the security forces.

There is every indication that Hussein intends to follow the democratic movement wherever it takes him — within reason — because, he says, he "needs its support in government."

A feature of all the countries in which forms of democracy have been developed in the last two years is that the Islamic movement has emerged as a major force. This poses the question: Is democracy in the Arab world, if it is allowed to grow and flourish, going to be Islamic?

Islam's appeal as a political movement is easy to understand. It is based on the sense of failure that the Arab world has suffered ever since the creation of Israel in 1948. This sense has been reinforced by the emergence of its own harsh governments and its limited success in capitalising on the $1.5 trillion of oil revenues that flowed to it during the 1970s and 1980s. Since the last century Arab and other Moslem societies have found that they have been corrupted when trying to modernise and have had too much contact with the West. Their reaction has been to reject imported ideas, including socialism and unrestrained capitalism, and look to their own roots for a philosophy. Here they find Islam, which is not just a religion but a law for all aspects of life, including government.

Although there are Islamic political movements and parties in the Moslem world there is no definite Islamic political programme as, for example, there used to be a more-or-less uniform Communist programme. Islam tends to be a refuge from whatever people find undesirable in their countries, which means that it manifests itself differently, in a political and social sense, among many different groups.

Some prosperous, serious-minded and well-educated men, as well as many of the well-educated young, particularly those who have been to university in the West, have quietly turned to Islam because they have been worried by the way Western influence has been undermining the family, which is at the very centre of a Moslem's sense of values.

There are conservative working class and lower middle class men and women who vote Islamic as a gesture of defiance against what a Jordanian journalist described as "the spivs, BMW drivers and women in mini-skirts." In socialist countries Islamic parties get support from small shopkeepers who like the sense of strength they get from belonging to an organisation. These men are tired of socialist regulation while being aware of the possibilities of profit in capitalist economies.

At the most fundamentalist level there are people who want to recreate the "perfect" Islamic society that the Prophet established in Medina in the seventh century. This would employ "useful" modern technology but in a social and political sense would be totally Islamic. Government would involve consultation and consensus rather than democracy in the sense that it is understood in the West.

Partly because of the diffuse nature of their support, Islamic politicians are vague about what they would do if they ever came to power, and, wanting to capitalise on their woolliness, their opponents press them to spell out what exactly are their policies of, say, subsidies and devaluations. Wherever possible Islamic politicians answer difficult questions by saying that they "will consult."

The vote commanded by such politicians across the Arab world, were there to be free elections, might vary from 20 to 40 per cent.

It may be that this range represents a peak level of support, based on the fact that during the years when political activity outside the ranks of ruling parties was illegal in almost all Arab countries the Islamic movement was the only form of opposition that existed. In some countries Islamic movements were tolerated in an unofficial sense; elsewhere, even if Islamic leaders were jailed, no governments (outside Syria and Iraq) were able to control the movement entirely. It was impossible to stop the preaching of sermons and difficult for a government to object to a preacher saying that society should be more godly and less corrupt.

Because of this the Islamic movements have had something of a head start in the developing democratic process. There is some reason for thinking that were other opposition parties as well established as the Islamic ones they would be commanding greater support.

In spite of these pressures and desires to return to religious roots Moslem respect for Islam as a political movement has been much weakened by the chaos and bloodshed that followed the revolution in Iran and by that country's failure to win its war against Iraq. The Islamic movement has been further damaged by its association with terrorism and by the failure of several Egyptian Islamic banks.

The idea of an Islamic revolution would now be anathema to the majority of Arabs. The only likely scenario for an Islamic revolution now would be a coup by Islamic fundamentalists using, say, bread riots as a pretext.

Most people would probably favour governments that were freer than their existing regimes, and not necessarily "Islamic." It is striking how in the Arabian peninsula, which is certainly the most devout part of the Middle East, people say how much they like Abu Dhabi, Dubai and, within Saudi Arabia, Jeddah, all of which are much freer and more liberal places than the states and cities around them.

This does not mean that Arabs want to copy Western political institutions or that Islam will be completely excluded from whatever new systems may evolve in the future. Copying the West is rejected because it has failed in the past, and anyway Western societies, while being seen as fun for short visits, are are widely seen as being ridden with crime and drugs and made miserable by broken families and lonely old people. The cause is said to be that they lack religious faith and are excessively tolerant.

Dislike of these aspects of western culture and the strong pull of traditional faith are increasingly pitted against the economic and social pressures for western style liberalisation, freedom and democracy. Nobody knows which of these currents will prove the stronger. The one certainty is that Islam will not be excluded from Middle Eastern politics. As Mansour Hassan, Minister of Presidential Affairs in Egypt under Anwar Sadat, says: "Islam is part of the fabric of the people and societies in this area. Whatever type of new regime does emerge must have an Islamic component."

The Long View

Hanson proposes and Ford disposes

A NEW year has brought the reaffirmation of some old truths. You can't, for instance, fight inflation just with words. And in the stock market, rising bond yields will eventually make their mark on the trend in equities.

During the autumn the Government bought time through a perceptible relaxation in its stance. Sterling was allowed to slip substantially against the continental European currencies (though not against the dollar or the yen), and John Major was too insistent that there would not be a recession in 1990. Nothing more was heard of Nigel Lawson's threat to head off inflation by imposing a vicious squeeze on British industry through a high exchange rate.

Partly this unadmitted policy change must have reflected Major's need to find his feet and determine his own strategy. There was also pressure to engineer a favourable background for the water industry privatisation. But a booming stock market has now become an embarrassment for a Government which needs to keep expectations damped down.

In fact, this week has seen the old problems return. The Ford unions have rejected an offer worth well into double figures. The Government is having to prepare the ground for defeat over the ambulancemen's dispute. And all the time the outlook for inflation worsens — with surges in oil and food prices, for instance.

Threats from the Government over inflation can have little effect, but we are hearing them anyway. This is supposed to be a non-interventionist administration, so what on earth is John Major doing when he tries to tell industrialists how to agree terms with their employees? The Government does not tell companies how much they should pay for oil, or components, or rent.

In fact the warnings are not seriously intended to have any impact on the behaviour of Ford or other large employers. Only a sharp recovery in sterling, or the revival of fears of a hard economic landing, could do that. Rather, the intention is to plant in the minds of the public the idea that a rise in inflation is the fault of short-sighted industrialists and greedy trade unions. The nightmare for the Government in 1990 would come if soaring wage settlements were to reflate consumer demand so that short-term interest rates would actually have to be put up again. It is just as well to have some scapegoats in place.

The economy is divided, however, into two parts. A schizophrenic stock market has already told us that although the big, international companies may still be prospering (and Hanson Trust this week promised a 22 per cent dividend increase for 1990, without attracting any Government criticism) there are much greater pressures on small, domestic companies.

BARRY RILEY

Changes in funding policy could ease some of the UK's financial imbalances, but curing excess inflation will require something more

Industry's potential problems were highlighted on Tuesday by the publication of an official estimate that the company sector's financial deficit in the third quarter last year reached £6.5bn, and the outcome for 1989 as a whole could easily top £20bn.

Such a deficit needs to be interpreted carefully. It may occur because companies are weak, as they were in 1974, but it happened in 1989 mostly because they thought they were strong — to the extent that they raised dividends sharply and incurred higher interest charges as they borrowed heavily to buy perhaps £15bn of each others' shares in takeover bids (plus about the same again of overseas assets). Simple, if painful, cures are available where necessary.

What is embarrassing for the Government, however, is the way in which all this spending has been financed, with an explosion of bank borrowing which reached a peak of £13.8bn in the July-September quarter. One of the objectives of the Treasury in pursuing a policy of heavy repurchases and cancellation of its gilt-edged securities was to create the conditions in which the corporate sector could fund itself through issues of long-term debt. However, although long-term finance at, say, 11 per cent last year in what was likely to be a depreciating currency appeared to be an attractive bargain, something I commented on at the time, the opportunity was only taken up to a limited extent.

Not only have high interest rates therefore failed to reduce the overall demand for credit, so that monetary growth has proceeded unabatedly, but the foreign capital needed to finance the balance of payments deficit has gone into short-term deposits at 15 per cent instead of gilts at 10 per cent. In the meantime, the large and still growing UK portfolio and corporate investments overseas appear to be returning only minuscule dividends. The net result is that the UK's surplus on invisibles has suddenly almost disappeared.

Only a complete review of credit policy could begin to tackle our underlying inflationary difficulties, but there are some minor adjustments which might help in dealing with some of these secondary problems. An end to the buying-in of long gilts would reduce the cash flow into the insurance companies, and rising gilt yields would have the effect of damping down the equity market. At lower and more attractive price levels, foreign buyers might move into bonds and equities instead of short-term deposits. Finally, as the recession bites, industrial companies might be triggered into funding their expensive short-term sterling liabilities through issues of equities and bonds. The effect, again, would be to mop up the surplus cash of UK institutions, and they would have less incentive to push large sums overseas. That would help sterling.

There are some weak links in this chain. Why should companies be heavier issuers into the possibly weaker market of 1990 than the strong one of 1989? That may depend on whether the fear of takeover has eased. However, the Government's previous policy of pumping out cash and creating an artificial shortage of long-dated instruments has backfired.

CONTENTS

MARKETS

FINANCE & THE FAMILY: THIS WEEK

1989: what went up, and what went down

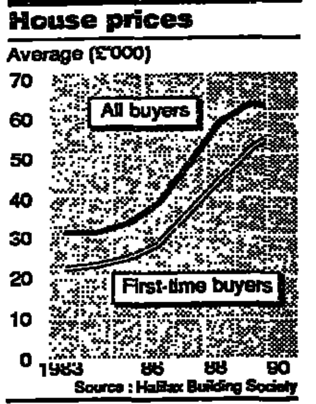
What got you the best return for your money past year — *equities, property, gilts . . . ? Finance & the Family* compares the returns for a lump sum investment of £10,000 from different forms of investment. **Page III**

Time to cut the cards?

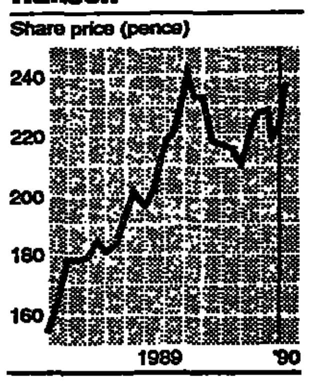
It's decision time for holders of Lloyds Bank Access cards. They have until February 1 to decide whether to start paying the new annual fee of £12, or give up the card by destroying it. **John Edwards** has cut his up already — but he advises that you think hard before rushing to follow suit. **Page V**

■ BRIEFCASE: A question of fees: Page VI

House prices



Hanson



House prices fall for fifth consecutive month

House prices fell for the fifth consecutive month in December and are now more than 3 per cent below the July 1989 peak, according to figures from the Halifax Building Society.

Annual house price inflation in the UK fell to below 3 per cent last month, compared with 34 per cent a year ago. House prices are still falling in the south (where they are 10 per cent lower than a year ago) and the Midlands. However, the fall in prices has meant a stronger demand for mortgages in a buyers' market.

Prices paid by first-time buyers slipped 0.6 per cent in December, although prices in this sector of the market are some 9 per cent higher than they were a year ago with the average price paid by a first-time buyer reaching £52,400. Separate figures from the Department of the Environment showed that the number of housing starts fell to 13,600 in November, compared with 22,000 in November 1988. There were 17,300 completions, compared with 19,500 in the previous year. *Sara Webb*

Hanson rides out the storm

Hanson was one of the few blue-chip stocks to hold fast against the market's retreat this week. The immediate cause was Lord Hanson's forecast, at the annual meeting *on Wednesday, that the dividend would rise by 22 per cent.* This would have stimulated buying by income funds on its own, but Hanson said the move was designed to encourage holders of convertible bonds to convert them into shares next month. This should bring in around £1bn in cash.

The company is likely later this year to sell US businesses *Newmont and Renison, which were acquired with* Consolidated Gold Fields last summer. That would pile up another £2bn in cash. Add the company's huge borrowing powers and it could spend up to £15bn if it found the right target.

Normally the prospect of acquisitions depresses a share price, *but such is Hanson's record of astute purchases that* the possibilities simply whet the appetite of investors. *Daniel Green*

Barclays raises stake in bank

Barclays Bank confirmed this week that it has raised its stake in the Allied Trust Bank from 20 to 46 per cent. One of the three main shareholders, Al Tajr, decided to dispose of his stake and Barclays, which already has the right to appoint the chief executive, decided to "rationalise the shareholding."

Originally called Allied-Arab, the bank was set up in London in 1977 to promote trading between the Middle East and Europe. However, in recent years it has completely changed its strategy to concentrate on the UK domestic market, building up retail funds by offering high rates of interest on its money market deposit accounts.

Its one-month notice account offers the best rate for deposits of over £2,000 at 14.50 per cent gross, equivalent to a compound annual rate of 15.94 since interest is credited monthly. *John Edwards*

Easier transfer for savers

As from January 15, investors in National Savings Certificates or Yearly Plans will be able to re-invest the proceeds directly in Capital Bonds without having to withdraw their money from the Savings Certificates Offices first.

The administrative change has been introduced to encourage those people who have mature certificates — which are earning the general extension rate of 5.01 per cent — to put their money into more rewarding investments. *S.W*

Low-cost water dealing offer

Anyone who wants to sell their water shares at a low rate of commission can reduce their dealing costs to £7 — or £10 if members of a family living at the same address and which invested in the same water authority decide to batch their sales. *Stockbrokers Pilling and Co says it will extend* its special water dealing offer, which will now be available until February 9. *S.W*

LONDON

Footsie's slump blows froth off a windfall

ON WEDNESDAY Martin Ritchie, a 23-year-old surveyor, found £4m worth of certificates of deposit in a City gutter. He returned them to the issuing bank and received a magnum of champagne as a reward for his honesty, but imagine for a moment that he had decided to keep the certificates.

Assuming he could have walked into the nearest bank and changed them into crisp new notes without an eyebrow being raised ("How would you like your £4m, sir, in fives or tens?"), where would Ritchie have been best advised to invest his windfall?

In the short term at least he would have been badly stung had he placed the cash in a fund tracking the FT-SE 100 index. On Wednesday, when a courier accidentally dropped the certificates, Footsie was already on its way down. It endedthe day 23.7 points lower at 2412.6 and more than 50 points beneath its euphoric all-time high the previous week.

Yesterday the froth of the first weeks of the decade continued to evaporate. While the London market slept on Thursday night, Tokyo, fazed by evidence of instability in the Soviet Union, experienced its eighth largest stock market correction In London that translated into a fall of 37.8 points yesterday, or 64.4 on the week. Footsie closed at 2380.1. Had Ritchie invested £4m in equities mid-week his windfall would have shed nearly £100,000 in two days.

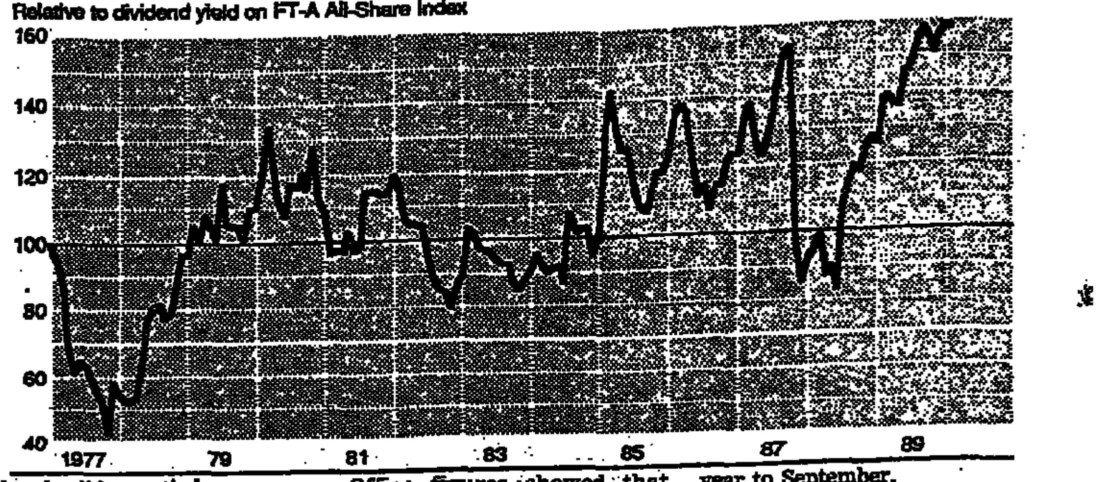
As the graph indicates, the building society might provide a safer home for cash. Some investors have already taken that advice to heart. Figures released on Tuesday showed an increase in personal savings as a percentage of personal income during the second quarter of 1989.

Plotted against dividend yields, interest rates are now at their highest for nearly 17 years. Past peaks — notably in October 1987 and, further back, in 1973 — have been swiftly followed by substantial corrections in share prices.

Some commentators doubt the value of comparing interest rates and equity yields, but more traditional measures, such as the *relationship* between yields on equities and gilt-edged stock, also suggest that in the short term the market will not be pushing ahead. On the contrary: this week the market *was long on fundamental* reasons for a downturn.

The gilts market was spooked early on by Monday's reports that the Bank of England had cancelled plans for a New Year "reverse auction" to buy back gilt-edged stock. Analysts protested that they had expected the move, thought to indicate a possible change in monetary policy under John Major, the Chancellor. Long-dated government bonds slid nonetheless.

Interest rate on 3-month cash deposit in London



However, other emotional and statistical issues were at the centre of industrial *Britain's concerns, in the form* of the Ford unions' rejection of a 10.2 per cent pay offer and the increase in the industrial deficit for the first nine months of last year.

The Government has for some time fended off criticism that its economic strategy threatens to push British industry into recession by pointing out that the battle against inflation is paramount. To see a double-figure pay offer rejected by Ford workers must have made Margaret Thatcher and Major feel as though the tools of economic recovery were being wrested from their grasp.

Ford's pay awards have traditionally been at the top end of the scale, but in the past they have also led the way for other private-sector offers. What is more, the Ford unions' move follows a 10.2 per cent award by Nissan to workers in the north east of England, and comes at a sensitive stage in the round of public sector wage negotiations, with emotions running high.

Not surprisingly the potential inflationary effect of such developments has pushed back *hopes of a drop in interest* rates. It may even have rekindled the old fears of a rise in interest charges — particularly worrying given that this week's Central Statistical Office figures showed that company borrowings nearly doubled between July and September last year. Industrialists — *managing* a workforce and a budget — are caught on the horns of both dilemmas.

The increased cost of servicing loans and a rise in dividend payments widened the difference between what UK companies earn and what they spend to £15bn in the first nine months of 1989. That suggests a possible deficit of £20bn for the full year, three times the 1988 estimate.

It also implies that UK companies have two options (three, if you include receivership): refinancing through rights issues, or a cut in stocks or new investment. It is a choice unlikely to please the market, which still fears a crop of corporate disaster stories.

The day after the CSO figures, ICI and Hanson provided a neat illustration of contrasting reactions to the gathering economic storm clouds.

ICI revealed that its subsidiaries were carrying umbrellas — they have been told to cut costs in preparation for a slowing of the economy in 1990, although the chemicals group still intends to invest about £1bn during the year.

Hanson, on the other hand, is *rushing out* in its best clothes to splash around in the puddles: at the annual general meeting, Lord Hanson promised shareholders a 20 per cent increase in dividends for the year to September.

Some observers regarded that as over-confident; however, shareholders showered little but praise on theconglomerate, which crossed the £1bn profits threshold for the first time in 1988-89. ICI closed last night down 41p on the week at £11.51, while Hanson was unchanged at 234p.

Perhaps the unfashionable conglomerate sector is returning to favour. Roger Felber of Parkfield Group, which is involved in everything from making alloy wheels to renting videos, certainly believes so: on Tuesday, he was able to announce a doubling of pre-tax profits to £13.9m in the six months to the end of last October.

Another unfashionable sector — retailing — seems to have enjoyed a merrier Christmas than expected. Dixons, fighting off a hostile bid from Kingfisher, which owns Woolworth, surprised the City on Monday by forecasting pre-tax profits of at least £70m for the full year to the end of April, against the 1988-89 figure of £78.4m. The forecast included £10m raised by selling extended product warranties, but still surpassed analysts' best guesses of £40m or £50m. For a better indication of December trading the City will have to wait for Monday's preliminary retail sales figures for the month.

Andrew Hill

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989/90 High	1989/90 Low	
FT-SE 100 Index	2380.1	-64.4	2463.7	1782.8	Wage pressures concern.
Body Shop Intl.	600	-40	651	240	Profit-taking after recent rises.
Cable & Wireless	540	-49	614	365	Hoare Govett downgrade.
Carclo Eng.	132	+11	165	106	Higher-than-expected int. div.
Dewey Warren	128	+11	130	93	In bid talks.
Higgs & Hill	426	-22	466	263	Doubts over Lovell bid success.
Horne (Robert)	395	+163	395	220	In bid talks.
Legal & General	413	-19	439	288½	Sector downgradings/switch advice.
Next	99	+5	163	78	Hopes of maintained dividend.
Nobo Group	155	-42	265	155	28% profits setback.
PWS	60	+17	138	35	Profits recovery.
Securiguard	280	+24	299	199	BZW recommendation.
Specialeyes	24	-5	76	6	Profit warning.
Unilever	684	-35	738	462	Rights issue fears.
VPI	49	-24	210	49	54% profits fall.

WALL STREET

Running with the pack

THERE SEEMS to be more trouble ahead for Wall Street. After yesterday morning's sell-off, which took the Dow Jones Industrial Average back to the 2,700 mark for the first time since Christmas, this is hardly an original observation. But there are times when it pays to run with the herd. Last week was one of them.

Despite the record high hit by the Dow on January 2, and the euphoric New Age forecasts of Wall Street's long-term strategic thinkers, the year began with remarkably widespread scepticism among the trend-following technical analysts on Wall Street. On two points in particular the chart-followers expressed alarm.

The first technical problem was that the Dow's new high, and the spectacular recovery in all the other indices since the mini-crash of October 13, *did nothing to improve the* market's "breadth." On the simplest definition, "breadth" measures the difference between the number of stocks advancing and the number *declining on a daily*, weekly *or* monthly basis. All the main measures of breadth have displayed extreme weakness since mid-August and advance-decline lines have *consistently failed to break* out of downward trends in recent rallies.

Breadth is an indicator with a good record of foreshadowing changes in price trends. It *also has a commonsense* appeal. A measure which shows stocks persistently falling rather than rising may carry an ominous signal for the economy even while the *prices of biggest companies* which dominate the market averages are continuing to rise.

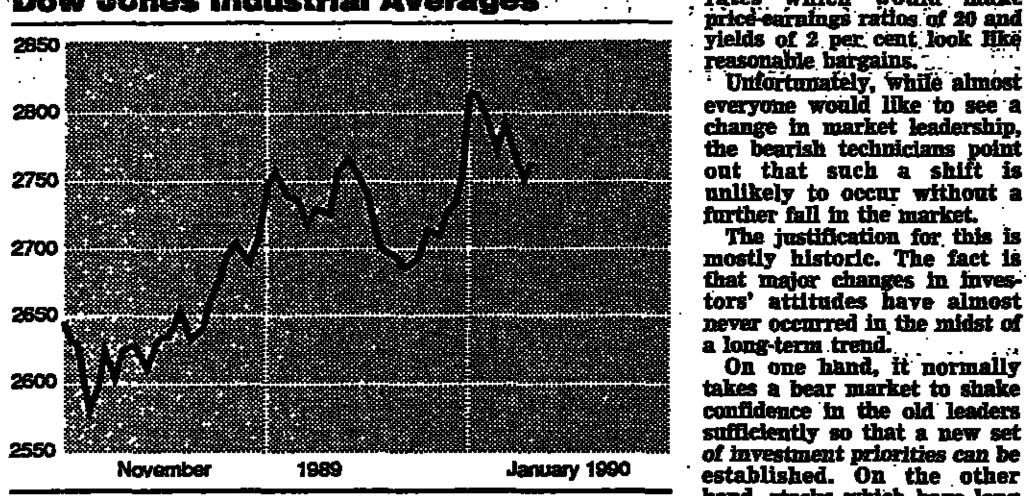
Another indicator of failing breadth with a more obvious *impact on investors has been* the inability of other market averages to match the gains in the Dow. Thus, while the Dow set a new record two weeks ago, the Standard & Poor's 500 peaked just below its October high. The NASDAQ index of *over-the-counter stocks* remained more than 5 per cent below its record. In the two weeks since January 2, the NASDAQ has fallen another 4.1 per cent, while the Dow *has declined 3.2 per cent.*

The second ominous feature of the market's behaviour from the technical standpoint has been the widely expected shift of leadership from "*recession-resistant*" *steady growth* stocks to cyclical companies in the technology and heavy industrial sectors.

In the long term, the prospect of a leadership change is *something that most market* observers, ranging from macroeconomists and Fed watchers to industry analysts and chart-followers, now welcome. In a broad strategic sense, a change in emphasis from consumer and service *stocks to industry and technol*ogy companies would reflect the shift from borrowing and consumption to saving and investment in the US economy and society.

From a narrower market standpoint, cyclical stocks look safer and more attractive in terms of price-earnings ratios and dividend yields than the extremely pricey con*sumer stocks. Many of these* are now selling at 20 or more times earnings and are as speculatively valued as they were in mid-1987, just before Black Monday. This makes *them vulnerable to earnings* disappointments, however slight, as indicated by sudden sharp setbacks for stocks such as Disney, Philip Morris and Merck in the last few months.

Dow Jones Industrial Averages



Because these steady growth stocks are now so extended, a market led upwards by industrial companies with relatively low price-earnings valuations would seem to offer more compelling investment opportunities. This is especially true at a time when takeover activity has fallen to a low ebb, and prospects have receded of the kind of sharp fall in interest rates which would make price-earnings ratios of 20 and yields of 2 per cent look like reasonable bargains.

Unfortunately, while almost everyone would like to see a change in market leadership, the bearish technicians point out that such a shift is unlikely to occur without a further fall in the market.

The justification for this is mostly historic. The fact is that major changes in investors' attitudes have almost never occurred in the midst of a long-term trend.

On one hand, it normally takes a bear market to shake confidence in the old leaders sufficiently so that a new set *of investment priorities can be* established. On the other hand, stocks which have long been in major downward trends rarely reverse and start a sustained upturn until inves*tor sentiment has turned* profoundly negative and they have suffered a full-scale selling climax. This may already be true for some of the computer companies which are *now cheaper than at* any time since 1988. But the growing enthusiasm among investors for industrial stocks generally, and the still firm belief among analysts that the second half *of 1990 will bring* an improvement in earnings prospects, suggests that such a selling climax may be yet to come.

Monday	2794.37	+ 21.12
Tuesday	2766.0	− 28.37
Wednesday	2750.64	− 15.36
Thursday	2760.67	+ 10.03

Anatole Kaletsky

JUNIOR MARKETS

Spotlight on a tale of woe

BAD NEWS travels fast, so there can be few investors in smaller companies who are unaware of the dismal performance of the junior markets last year. But those curious about the precise extent of the underperformance should take an interest in figures published this week by County NatWest Wood Mac.

County estimates that small companies underperformed the FT-A All-Share Index by 19 per cent in 1989. In absolute terms, County's smaller companies *index rose by 5 per cent* — considerably worse than the return from cash over the same period.

These figures are just some of a welter of numbers pro*duced by County's new smaller* companies index. The index — which includes information about each sector, such as p/e ratios, yields and relative performance figures — is designed as an investment tool and as a basis for derivative products such as index-linked funds. It will be calculated daily and will kick off later this month.

It will stand alongside the existing smaller companies index which is produced by London Business School and Hoare Govett. Slight variations can be expected since they define a smaller company in different ways. Hoare Govett takes in the bottom 10 per cent of the market by value, while the County index defines its upper cut-off in terms of the largest company in the bottom 5 per cent of the FT-All Share Index.

County's figures bring home the extent of the sector's underperformance in in the second half of last year. In the third quarter smaller companies missed the rise which took the FT-A All-Share Index up by 6 per cent; in the fourth quarter the All-Share continued to rise but the smaller companies *index fell by about 10* per cent, reflecting a series of profit warnings and bad results.

The index also shows up some data about individual sectors. The worst offenders in *terms of underperformance* against the FT-A All-Share equivalents were motors (minus 41 per cent); conglomerates (minus 33 per cent); miscellaneous (minus 41 per cent); *composite insurance*, with only one constituent, (minus 81 per cent); and merchant banks (minus 35 per cent). As well as reflecting poor performances from the companies concerned they also reflect the effect of missing out on large takeover bids such as Jaguar and Morgan Grenfell.

At the other end of the scale only five sectors outperformed their equivalents in the All-Share index — namely metals and metal forming (2 per cent); oil and gas (1 per cent); life insurance, with just one component, (18 per cent); other finance (7 per cent) and overseas traders (5 per cent).

After mulling over its findings, County concludes that there is every possibility that the sustained sell-off of smaller companies in the fourth quarter will continue in the early part of 1990. However, at some stage towards the middle of the current year it will become apparent that there is *real* value in a number of high-quality companies, it says.

This conclusion is, in broad terms, shared by several City commentators at present. *Hoare Govett sees* no reason to suggest any shift in adverse sentiment for most of the next six months, although it expects the picture to begin to shift in the latter part of the year. *Kleinwort Benson Securities* takes the view that small companies will recover ground in the UK against a static or rising major market.

Similarly BZW expects a tough start to the year but, assuming that the UK economy has a soft landing, it thinks there could be some outperformance towards the end of the year. S G Warburg Securities also believes that it is too early to call the turn. Nevertheless, the second half of 1990 may provide a better background for smaller companies, it says.

* * *

The Third Market — which is due to receive its death warrant early next month — is usually considered the preserve of small-time investors and speculators. However, this is not always the case, as shown by Whitegate Leisure, the Third Market's largest company, which this week saw the emergence of yet another major investor.

Those members of the Fairfax family who sold out of the Australian media group have acquired a 5.35 per cent stake in Whitegate, adding their names to a list of well-known investors that includes the Belzberg family, the Canadian corporate raiders, and a list of blue chip investors such as Legal and General, Eagle Star, Lazards and Hambros.

This heavyweight list of shareholders has been attracted by Nick Oppenheim, a financier who has been associated with companies such as Bear Brand, Argyle Trust and Tranwood Group.

Since the company's formation in May 1988 Oppenheim, together with James Naylor, a friend from *business school* who made a career in the leisure industry, have bought discos, bowling alleys and an amusement park at a breakneck pace. Whitegate expects to keep up the onslaught this year with plans to move further into continental Europe. Results are expected later this month, as is a move up to the Unlisted Securities Market.

Vanessa Houlder

Little encouragement for TSB investors

IT HAS been a week of woe for TSB Bank, with pre-tax profits down from £420m in 1988 to £155m in 1989, although the news did not surprise the markets.

Immediately after the results, however, TSB's share price rose 4p to 137p — its highest level for many months. This was because TSB is seeking Stock Exchange authorisation to buy back up to 14.9 per cent of its shares — a move which analysts had predicted.

Both Sir Nicholas Goodison, the former chairman of the Stock Exchange who took over as TSB chairman a year ago, and Don McCrickard, group chief executive, earned plus points on Thursday for their unflinching presentation of TSB's problems.

The two have not been in charge of the bank for long, and they are clearly working hard to turn its fortunes around. However, the continuing bad news from TSB must be quite a nasty shock for the thousands of small investors who bought TSB shares in 1986. What has gone wrong? There are some short-term factors involved, but there are also signs of chronic unresolved problems.

The short-term bad news came from two exceptional items on the results. One was the £76m provision against losses on swaps contracts with local authorities. A recent court decision ruled that contracts of this sort are outside the powers of local authorities, so they do not have to foot the bill. The decision is being appealed against, but TSB is the first large UK bank to announce provisions for swaps contract losses and others will no doubt follow. TSB always prided itself on not having *losses* on Third World debt (except for a small portfolio inherited when it bought Hill Samuel, the City merchant bank).

The other exceptional item was for £125m for the costs of reorganising its branch network and moving its retail banking head office from London to the Midlands. This move is intended to bring down the operational costs of the bank.

The results published yesterday show that TSB is already having some success on that front. Operating costs were 72.4 per cent a year ago. They have since fallen to 67.8 per cent which is well above most of TSB's rivals (especially the building societies).

However, staff numbers have risen from 42,248 a year ago to 45,798 last October, and staff costs went up by 20 per cent to £655m. There are plans to strip at least 5,000 staff from TSB's retail banking operations over the next five years, and £90m *will go on severance payments.*

The risk is that the job cuts may demoralise the bank to the point where customer relations and competitiveness suffer rather than gain.

Yesterday's figures suggest

Sir Nicholas: presented the bank's problems unflinchingly

that there is plenty of room for improvement. *Profits* on mortgage operations dropped by £35m, for example. There was a £2m loss on estate agencies, while gilts profits dropped by £23m. The main area where business seemed to be picking up was corporate lending (a field to which TSB is a newcomer and working through its subsidiary Hill Samuel). This rose by half to £4.91bn.

Insurance and investment business also reported an increase in profits, up 8 per cent to £86m. This is an area where TSB has acknowledged strengths, but as the overwhelming majority of its business is in banking, success in insurance and investment has a limited impact. However, Sir Nicholas was able to point to an encouraging picture as far as the sale of financial products through branches to the banks' existing customers is concerned.

This augurs well for the future. All retail banks say they are trying to position themselves to do just this.

The fundamental question for investors, however, is whether TSB can regain its trading competitiveness, or whether the only reason for holding on to the shares is that sooner or later an outside predator is likely to make an offer for them. TSB will lose its statutory post-flotation protection in September next year, so there is not that long to wait.

The loose federal structure of TSB has been swept away over the last two years in a series of reforms and McCrickard, who was made up a month ago, now presides over a much more tightly focused organisation. So investors will be watching in the first half of the year to see whether a better-managed TSB can compete more strongly with the Big Four clearers.

The retail banking market is very depressed and conditions are unusually unfavourable for all players in it, well managed or not. Another uncertainty is whether or not all those staff cuts turn out to be a kill or a cure. In short, the outlook for TSB investors at the moment is not very encouraging at all.

David Barchard

FINANCE & THE FAMILY

Terry Dodsworth and Sara Webb on best investments of last year

Winners and losers in '89

HOW WOULD you have made the most money from your investments in 1989 if you had a choice of equities, bonds, deposits or property? Finance & the Family compared the returns for a lump sum investment of £10,000 from different forms of investment. As our yardsticks, we took the FT-SE 100 index, which increased by 35.11 per cent during 1989, and the FT All Share, which rose by 30 per cent.

UK Equities

A lump sum of £10,000 would have increased to £13,000 in the FT All Share and £13,511 in the FT-SE 100. However, a private investor who tried to invest his money to match the composition of the index would be hit by quite large dealing or commission costs. On the other hand, the indices do not take into account re-invested dividends – with income reinvested, the FT All-Share index gained 33.7 per cent.

Perhaps a more practical way of replicating the composition of the index is to invest in a "tracker" fund. If you followed this advice, £10,000 invested in Morgan Grenfell UK Equity Index Tracker fund would be worth £12,650 after one year; in the Royal Life UK Index Tracking fund it would have increased to £12,710; and in the Schroder Institution UK Index fund it would have risen to £12,550. They beat the relevant unit trust sector average of £11,870, but after front-end and annual management charges fell short of the increase in the index.

The really lucky investor who decided to put all his eggs in one basket might have chosen Guinness, the best performing stock in the FT-SE 100 index – his £10,000 would have grown to £20,500.

Overseas Equities

The overseas equity markets provided some star returns for investors last year, although the FT world index, which measures total returns including dividends and capital gains on the leading stock exchanges, performed roughly in line with the UK.

The 31.5 per cent increase in this index would have been the gain available to a British investor acquiring shares in sterling, but much of this increase was due to the rising value of foreign holdings as the pound fell. So if you had invested £10,000 in an instrument which tracked French equities, for example, it would have gone up by 33.2 per cent in local currency terms, but in sterling it would have jumped to £15,650. In Germany, the index rose by 37.1 per cent but gained 61.3 per cent in sterling terms – taking your £10,000 to £16,130.

Partly because of currency, Japan was not a particularly good market for UK-based investors last year. If you had chosen to put your money into the Tokyo market on the basis of its overperformance during the last decade, you would have been disappointed – £10,000 would have grown to just £11,620. On the other hand, in the US it would have risen to £14,660.

Unit trusts

Unit trusts are a cheap way to buy shares and spread your risk in the stock market if you are a small investor. However, the 1,800 or more unit trusts on average showed gains of only 22.18 per cent – in other words they underperformed the indices according to the figures produced by Micropal.

The best performing funds were in the Far East sector (excluding Japan), with an average increase of 52.7 per cent. The top performing fund for the year was Abtrust Far East Emerging Economies, which gained 105.69 per cent. Your £10,000 would have grown to £20,569. The worst performers were in the UK gilt and fixed interest sector, which fell 0.76 per cent. Taking a look, sector by sector:

■ Top UK Equity Growth fund: S&W Growth – £10,000 grows to £13,910 offer to bid, income reinvested (sector average £11,080).
■ Top UK Equity General fund: Scrimgeour Vickers Model – portfolio grows to £13,450 (sector average £11,870)
■ Top UK Equity Income fund: Wellington Income – grows to £13,100 (sector average £11,520)
■ Top UK Gilt and Fixed Interest fund: Abbey Capital Reserve – up to £10,380 (sector average £9,920)

■ Top UK Balanced fund: Royal London High – income grows to £12,580 (sector average £11,120)
■ Top Financial and Property fund: Framlington Financial investment grows to £14,420 (sector average £10,910)
■ Top Investment Trust units fund: Bank of Ireland Investment – trust grows to £14,070 (sector average £12,980)
■ Top Commodity and Energy fund: BG Energy – grows to £16,830 (sector average £12,740)
■ Top Money Market fund: Royal Trust PPT – deposit grows to £10,840 (sector average £10,570)
■ Top International Equity Growth fund: MLA Emerging Markets – grows to £16,410 (sector average £12,620)
■ Top International Equity Income fund: F&C European Income – grows to £13,650 (sector average £12,120)
■ Top International Fixed Interest fund: Whittingdale US Short Government Bond – grows to £11,910 (sector average £10,890)
■ Top International Balanced fund: Thornton International High Yield – grows to £13,730 (sector average £11,920)
■ Top Fund of Funds: Kleinwort Benson Master Trust – grows to £13,150 (sector average £12,020)
■ Top North America fund: F&C US Smaller companies grows to £15,880 (sector average £12,960)
■ Top Europe fund: Fidelity European grows to £16,710 (sector average £14,380)
■ Top Japan fund: NM Japan Smaller Companies – grows to £17,730 (sector average £12,790)
■ Top Far East (including Japan) fund: NM Far Eastern Growth – grows to £16,770 (sector average £13,110)
■ Top Far East (excluding Japan) fund: Abtrust Far East Emerging Economies – grows to £20,560 (sector average £15,270)
■ Top Australia fund: Schroder Australian grows to £13,690 (sector average £11,400).

Investment trusts

Putting your money in an average-performing investment trust last year would have allowed you to keep pace with the rise in the UK equity market – taking dividend payments into account as well, you would have done slightly better.

According to Micropal, a £10,000 stake in investment trusts would have grown on average to £13,330 during the year. However, this was partly because several trusts achieved a much better than average performance through overseas investment, particularly in the buoyant stock markets of the Far East and continental Europe.

If you had bought into one of these specialised foreign trusts you could have made some very handsome gains. For instance a £10,000 stake in EFM Dragon, run by Edinburgh Fund Managers, would have grown to £26,500. You would have more than doubled your money – to £20,720 – in Ivory & Sime's Pacific Assets. In Europe, your £10,000 would have grown to £22,000 in the German Smaller Companies Trust managed by Lloyds Bank Fund Management, and to £20,200 in Ivory & Sime's Continental Assets.

To match these performances with trusts invested in UK equities you would have had to buy the capital shares of Scottish National, run by the Gartmore group, where £10,000 would have grown to £24,000, or the capital shares in General Consolidated, the independently managed trust, where your investment would have grown to £21,900.

Inevitably, the striking performance of continental European and Far Eastern stock markets have proved a magnet to private investors, who have rushed to buy shares in the appropriate investment trusts. As a result, most of the investment trusts specialising in these regions (which a year ago were trading at a discount) are now standing at a premium to their net asset value. For the European investment trusts, the average premium is now 5 per cent, while EFM's Dragon trust now stands at a 20 per cent premium. Specialists in these markets warn that these conditions are not ideal for investment in such specialist trusts.

Building Society

The increases in the base rate during 1989 obviously favoured savers rather than borrowers, although building societies were sometimes tardy in raising the rates on their savings accounts. Obviously the larger the sum invested the better the rate, and offshore accounts which pay interest gross – rather than net of composite rate tax – offer a better deal.

If you had put £10,000 in a Halifax 90-day account at the start of 1989, it would have been worth £10,979.08 net, after deduction of composite rate tax, at the end of the year.

Cater Allen has a money market account that can change every day to reflect the interbank rates. If you invested £10,000 at the start of 1989, it would have grown to £10,997.16 net of CRT. A non-taxpayer could have chosen to invest in the offshore (Jersey) money market account run by the same group, in which case the sum would have grown to £11,282.75 gross.

If you invested £10,000 in a D-Mark deposit account outside Germany, the gross return would have been 24.81 per cent (ie your money would have risen to £12,481), according to Technical Data International.

National Savings

The investment account increased its rate from 10.75 per cent to 11.75 per cent on November 17. The return – paid gross – on £10,000 would have been £11,087.33.

Gilts

The average yield on short-dated gilts (one to five years) in 1989 was 10.77 per cent, so £10,000 invested at the start of the year would have grown to £11,077. For gilts of seven to 20 years' maturity the average yield is 8.16 per cent, so your £10,000 would have grown to £10,816. One of the more popular long-dated gilts is the 11.75 per cent 2003/2007: but £10,000 invested in that during 1989 would have grown to only £10,730.

Overseas government bonds

If you had bought non-UK government bonds you would have done much better than if you had stuck to Treasury stock. The Salomon Brothers world government bond market index shows that a £10,000 investment would have grown to £11,805 over the year, the best return since 1986, when it would have gone up to £12,082.

The Salomon index gives a total return – including capital gains, interest income, reinvested interest and currency – for bonds with maturity of around seven years in nine of the main world markets. Currency was a significant element in producing this return, with the world bond index measured in local currency terms showing a gain of only 9.4 per cent.

Your £10,000 would have been invested most effectively in Canadian government securities, where it would have grown to £13,064. After that, the biggest increase was in the US, where it would have risen to £12,855, and in France where it would have risen to £12,268.

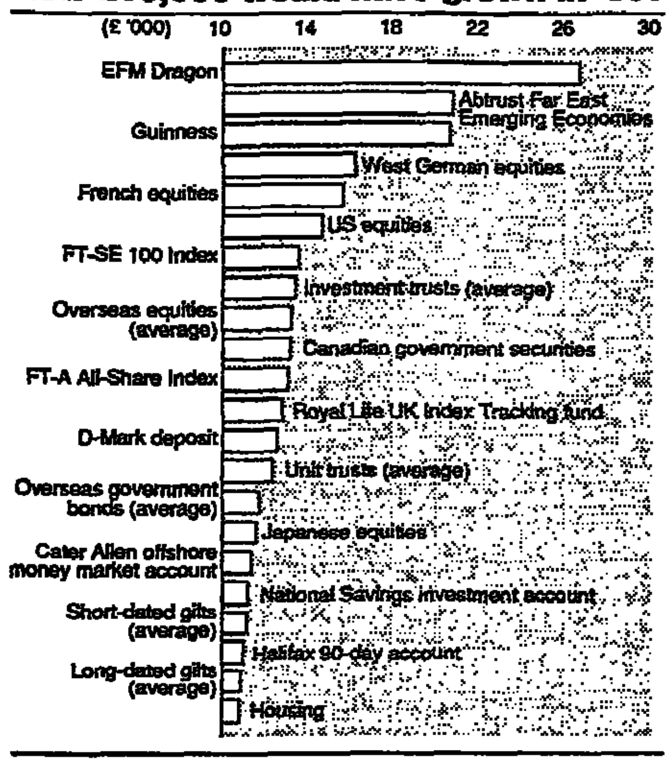
Housing

Residential property was not a good investment last year, but it was not a universally bad one either. On average, if you had invested £10,000 it would have grown to £10,740 over the 12 months, according to the Nationwide Anglia house price index. However, if you had been spending the money in the north of the country – broadly the area north of Yorkshire – it would have jumped to £14,050, and in the north west to £13,300. The Yorkshire and Humberside region also outperformed inflation with £10,000 rising to £12,290, while in Scotland it would have gone up to £12,630.

In the south, markets were universally in retreat with the worst setback in East Anglia, where your £10,000 would have dropped to £9,210. In the outer south east (the counties ringing London) your stake would have dropped to £9,330, and in the south west to £9,450. In the London area overall, including the suburbs, it would have fallen to £9,750.

Of course to calculate the "real" return, you have to take into account inflation (currently running at nearly 8 per cent) and tax liabilities. An apparent gain could be whittled away, particularly if you are a higher rate taxpayer.

How £10,000 would have grown in '89?



Britannia waives a famous name

GOODBYE, Britannia. And now, a big hello and welcome to Invesco . . .

The less than patriotic name change was announced this week by Britannia Arrow, the fund management group, which from February is to adopt the obscure mid-Atlantic title of Invesco MIM.

The change of name will come as no surprise to followers of the much-travelled group which over the years has gobbled up, and spat out again, an astonishing number of investment brand names.

Its UK fund management operation dates back to Castle Britannia in the 1960s. That business found its way into Slater Walker Securities, along with one of the oldest unit trust groups, the National group, run for years by a one-time Lord Mayor of London, Sir Denys Lowson, who ruined his reputation by selling National in a shady deal.

Both groups were merged with Slater Walker's own unit trusts in 1975, and when the once-glamorous asset-stripping conglomerate collapsed, Britannia Arrow emerged as a penny stock from the rubble. By 1980 it had recovered enough to take over the Schlesinger unit trusts, which like others before them were absorbed and merged. The Arrow part of the name related to a life company which was disposed of, but in 1983 another was bought, called National Employers' Life (NEL).

In 1986 came the takeover of MIM. This company's name was once Montagu Investment Management, but to add to the confusion, by that time it had already split away from Samuel Montagu, the merchant banking subsidiary of Midland Bank, and had become owned by the giant US life company Aetna, dubbing itself MIM.

In fact the purchase of MIM from Aetna had elements of a reverse takeover, bringing in the present chairman and chief executive, who respectively are Lord Stephens and Nicholas Johnson. But the funds were revamped yet again in familiar style, emerging with the name MIM Britannia.

In 1987 the group swallowed the unit trust offshoot of National Westminster Bank, the £400m County Unit Trusts group. The County title went on to the brand name scrapheap to join National, Slater Walker, Schlesinger and the rest.

The chequebook was soon out again for purchases overseas, notably in America, where Atlanta-based Invesco Capital Management was bought in two stages.

All this wheeling and dealing has created a substantial international group with almost £35bn under management, but with a distinct identity problem. The chauvinistic French, apparently, hate the idea of dealing with anybody called Britannia. The Americans only know the name Invesco, but the British have never heard of it at all, and some say it inadvertently suggests a link with Robert Vesco, a fugitive swindler who once stole millions from IOS.

So is the proud Britannia name going to sink beneath the Atlantic waves? Not quite yet. The group is prepared to spend some £300,000 on a publicity campaign to promote the name Invesco MIM for the holding company, but not the £3m it judges would be necessary to salvage some of the goodwill in trading names such as MIM Britannia for unit trusts and NEL Britannia for unit-linked life policies.

Barry Riley

FINANCE & THE FAMILY

In Brief

A YEAR *or so ago,* fund managers were launching European funds left, right and centre, and jumping on the 1992 bandwagon because of the planned dismantling of trade and customs barriers. Now, as barriers of a different kind come tumbling down in the Eastern bloc, fund managers even keener to stress the attractions of Europe.

This week Save & Prosper used Berlin as a launching place for a European Smaller Companies Fund which will concentrate on companies with a market capitalisation of up to £160m in the Western European markets.

S&P believes that European shares are undervalued by international standards and that this is a good time to invest in the region, especially since the removal of trade restrictions and customs barriers should help economic growth. Furthermore, recent events in Eastern Europe have highlighted the existence of a new market for West European goods and the pool of cheap labour on the doorstep of Western companies.

Investors can choose between a lump sum investment of £500 minimum or use a regular savings plan which requires £25 a month. Initial charge for the unit trust is 5.5 per cent and there is an annual management charge of 1.5 per cent. Investors who keep their units for 10 years will receive extra units worth 10 per cent of their original investment.

■ ■ ■

Cupid, a Blackburn-based bridal wear company, has launched a wedding finance package for couples planning to splash out on their nuptials. But the Cupid Beginnings package for newly-weds (which is run in association with Western Trust & Savings) is not such bargain if you need to borrow money.

It is offering loans of up to £7,500 at an average annual interest rate of 31 per cent (APR), repayable over five years. The loan may be adequate to cover the cost of a wedding (Cupid claims the average cost of a white wedding is £5,270), but it is an expensive way to borrow money compared with what many of the banks and build*ing societies are offering. For* example, according to Blay's Moneymaster, you could borrow much more cheaply elsewhere. It quotes the following rates, most of which are repayable over one to five years:

Allied Irish Bank – personal loan with APR of 21.60 per cent on £500 to £7,500; Barclays Bank – APR of 21.90 per cent on loans of £1,000 to £10,000; Firstdirect – APR of 22.40 per cent on personal loans of £500 to £10,000; Halifax – APR of 22.90 per cent on £1,500 to £7,500; National & Provincial – APR of 21.40-22.80 per cent on £500 to £7,500; Royal Bank of Scotland – personal loans £1,000 to £10,000 with an APR of 21.70 per cent.

As an inducement, the Cupid scheme also provides a starter card which gives discounts on "wedding-related" products.

■ ■ ■

Barclaycard holders will be entitled to a range of free gifts again starting in May when the card company launches its Profiles gift promotion scheme for the third year running. Cardholders who notch up points – by using their Barclaycard to make purchases – can cash-in the accumulated points and receive various goods or *holiday breaks. Alternatively,* they can donate their points to a charity instead.

The Week Ahead

Delfont's holiday cheer

THE STRONG UK holiday market should have helped the resorts and taverns division of First Leisure, the company formed by a buy-out led by Lord Delfont, the chairman, of Trusthouse Forte's leisure interests six years ago.

Acquisitions should also have helped dancing and sports, although the hot summer will not have helped this small ticket-spend division. Analysts are looking for pre-tax profits of £25m, a 25 per cent increase, when the company reports its results on Wednesday for the year ending October 31.

West End theatre profits fell in the first half because of changes in productions, but two new musicals – *Aspects of Love* and *Anything Goes* – should have lifted that performance in the second half.

Anglia Television is expec*ted to announced pre-tax prof*its of around £18m for the year to October, compared with £16m last year. Anglia, which apart from its ITV franchise is a founder investor in British Satellite Broadcasting, has benefited from the growing economic strength of the Anglia region. *As a result the ITV* company has tended to take a slightly larger slice of total advertising revenue than its size would suggest.

TVS Entertainment, the television company that holds the lucrative ITV franchise for the south of England, is expected to unveil its worst results for at least three years on Tuesday. James Gatward, the TVS chief executive, warned in September that because of finan*cial problems at its US acquisi*tion MTM, the company could come in below its half year figure for the full year.

In the six months to April TVS had pre-tax profits of £13.4m and the suggestion in *September was that the 12-*month figure could be between £10m and £12m. Stockbrokers BZW are suggesting £12m, although the actual figure could be higher. Some analysts believe that TVS may actually get close to its 1986 figure of £14.4m.

Evode, *the plastics and* chemicals group which last May almost doubled in size by acquiring the adhesives group Chamberlain Phipps, is due to produce its annual results on Monday.

Its interim pre-tax profits outcome of £4.46m, showing a 12 per cent rise, left its followers feeling somewhat uneasy and Evode's full year result will be anxiously scrutinised. Shareholders will be keen to know *how the integration* of Chamberlain Phipps is proceeding and how the group is faring in the face of the straitened economy.

Unexciting pre-tax profits of about £12.5m are expected for *the year, although the full ben*efits of the acquisition will feed through strongly this year.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	5.00	5.10	4.08	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.76	monthly	1	500-4,999	0
High interest cheque	9.00	9.40	7.52	monthly	1	5,000-9,999	0
High interest cheque	*9.20*	*9.60*	*7.68*	*monthly*	*1*	*10,000-49,999*	*0*
High interest cheque	9.50	9.90	7.92	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.50	6.61	5.29	half-yearly	1	1-250,000	0
High interest access	8.50	8.50	6.80	yearly	1	500	0
High interest access	9.00	9.00	7.20	yearly	1	2,000	0
High interest access	9.50	9.50	7.60	yearly	1	5,000	0
High interest access	*9.75*	*9.75*	*7.80*	*yearly*	*1*	*10,000*	*0*
90-day	9.75	9.99	7.99	half yearly	1	500-9,999	90
90-day	10.25	10.51	8.40	half yearly	1	10,000-24,999	90
90-day	10.75	11.04	8.83	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	11.75	8.81	7.05	yearly	2	5-100,000	1 mth
Income bonds	12.50	9.93	7.94	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.86	8.14	6.52	monthly	1	2,500	0
Provincial Bank	*11.05*	*8.29*	*6.63*	*monthly*	*1*	*1,000*	*0*
UK GOVERNMENT STOCKS							
8pc Treasury 1991	12.89	10.78	9.51	half yearly	4	-	0
8pc Treasury 1992	12.47	10.35	9.08	half yearly	4	-	0
10.25pc Exchequer 1995	11.34	8.71	7.13	half yearly	4	-	0
3pc Treasury 1990	11.76	10.99	10.52	half yearly	4	-	0
3pc Treasury 1992	10.43	9.59	9.09	half yearly	4	-	0
Index-linked 2pc1992§§	9.68	9.17	8.86	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

PEP with an ethical bent

AN ETHICAL Personal Equity Plan (PEP) is to be launched on Monday by Friends Provident. It will be a PEP version of the existing Stewardship Income Trust, one of the group's range of unit trusts that follows an ethical investment strategy.

It does not buy shares in companies that deal in armaments, tobacco or alcohol or which operate in countries with "unacceptable" political regimes, such as South Africa. Instead it invests in companies that help to improve the environment and have good working practices.

The first Stewardship ethical fund was launched in 1984. It has a good track record in spite of the restrictions. The Income Trust fund launched in November 1987 is the sixth best performer out of 113 UK equity funds.

It has slumped back sharply in the past year, however, reflecting the decline in the smaller companies sector.

The Stewardship PEP will have the same charging structure – an initial charge of 5 per cent and an annual management fee of 1.025 per cent. Minimum investments will be a lump sum of £1,000 lump or £40 a month.

A special feature is a "cash" facility, which allows you to switch temporarily into cash if the market is looking poor.

You can also withdraw tax-free income on a quarterly basis. Partial withdrawals of £300 or more will also be allowed.

Meanwhile Dunedin, the Edinburgh-based fund managers, announced this week that they are entering the PEP market for the first time. Under its new style PEP, the first £2,400 will be invested in its Income Trust, which is over the past three years has been the top-*performing international* equity income trust.

Investments over £2,400, up to the permitted maximum of £4,800, will go into a portfolio of eight to 10 shares managed by Dunedin.

The minimum investment is £1,000. There is an initial charge of 5 per cent and an annual management fee of 1.5 per cent.

As the offer price of the Income Trust already includes an initial charge, no further deduction will be made on the unit trust element of the PEP.

There is an element of duplication in the annual management fee, however, since the unit trust charges 1 per cent and this is not rebated. Some compensation is provided by the dealing charges on the direct shares element being cut to only 0.25 per cent.

MIM Britannia has produced some special Pep-O-Mim mints to publicise two new schemes, PEPSchool and Duty Free.

As the name implies PEPSchool is supposed to help parents pay school fees – it is in fact a monthly savings plan where funds are invested in the the group's old established Income & Growth Trust.

PEPSchool can provide funds *immediately for home owners,* however, through a special mortgage arrangement with NEL Britannia. This offers a capital drawdown mortgage on your house, which is repaid via the PEP savings plan.

DutyFree PEP will give the choice of investing in five of the group's overseas funds. It takes advantage of the Inland Revenue's recent concession to allow a maximum of £2,400 to be invested in an overseas unit or investment trust until April 5. After then, the maximum will be cut to £750.

John Edwards

High price for 'crisis cash'

GETTING HOLD of some some cash in an emergency can be expensive if the newly-launched Western Union Money Transfer service is anything to go by.

The Western Union service works as follows. Harry in Liverpool is mugged and his wallet stolen. He desperately needs cash. He rings his friend Fred in London, who drops everything and races to the nearest Western Union agent, which could be a travel agent, off-licence or food store, where he delivers £200.

Within 15 minutes, Harry is able to pick up £200 in cash at any Western Union agent. All he has to do is answer a check question to make sure he is the correct recipient . . . and pay a whacking charge of £21.

The money itself is not physically transferred; the agent simply checks through the main computer system that the sum has been deposited by the sender before giving the same sum to the person in need.

The charges are steep: for example, it costs £8 to send up to £25; £37 to send £500; £47 to send £1,000; and £85 to send £2,500. The same charges apply to sending money abroad to places where Western Union has offices – North America, Holland, Dominican Republic, Puerto Rico and Haiti. Western Union rates its competitiveness as somewhere between that of a bureau de change and a bank.

Who would use this service? Western Union, which already operates the system in the US, says you could use Money Transfer if you "lose your wallet, have car troubles, have friends and family in need, spot an unexpected bargain or need to provide money for a student living away from home"!

For most of these situations you would do much better using your chequebook, cash card or credit card. However, Western Union says it has spent thousands of pounds researching the UK market and discovered that some 20 per cent of adults do not have current accounts, and that "a sizeable minority" find it difficult to transfer money.

Western Union's service is available already in London, but it hopes to have a nationwide network of 300 agents signed-up by the end of March and to increase the number of agents to 1,000 by the end of the year.

"Everyone can find themselves in a situation where they need cash urgently" says Michael Taylor, chief executive of the UK operation.

How do these other services compare in cost? Girobank can arrange for you to have instant access to the contents of your account in an emergency and only charges £3 for this service, regardless of the amount withdrawn. If you are stuck abroad and need some money this service costs £20 to arrange – by telex to Girobank – and the money will be sent to the nearest bank, wherever you are in the world.

Lloyds Bank says it could provide up to £200 over the counter "almost immediately" if a customer walked in after being relieved of his wallet and cards, and would charge £3 for doing so. It might take longer to arrange £1,000 and would cost £11. You would need to provide some form of ID or undergo a tight security procedure. Commission for sending money abroad is 0.3 per cent, with a minimum of £15 and a maximum of £40, and delivery is normally within 24 hours.

Midland Bank only has an express service for transfers abroad. Its express international money transfer service charges a 0.3 per cent commission with a minimum fee of £15 and a maximum of £30.

However, it might take up to 24 hours to get the money to a customer and there could be an additional charge for converting the currency at the other end.

Barclays can arrange for sums of up to £200 to be transferred between branches at a cost of £14. If you want funds sent by telegraphic transfer the commission is 0.25 per cent with a minimum fee of £12.50. The transaction takes place the same day.

NatWest would charge £5 to non-Servicecard holders in the UK who wanted to transfer money from their branch: if you are stuck abroad and need money, NatWest will arrange for it to be sent by telex. Charges vary according to the country, but it would be £12 for Europe and £21 for China if you were drawing sums of £100 to £1,000.

Sara Webb

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Britannia Sec.	137§	137	109	107.7	ADT
Builder Grp.	340*	335	335	56.10	CEP Comms.
Carron Phoenix	80*	81	38	6.83	Groupe Bene
Carron Phoenix	73*§	81	79	8.32	Franke Hldg. AG
Dixons Grp.	120*	135	108	460.50	Kingfisher
Green (J.)	100*	104	93	6.75	Wace Grp.
Hartwell	136*§	140	120	107.5	Oakhill
Do. 7.875pc Pf	124.7*§	127	104	43.66	Oakhill
Hestair‡	325*	322	308	192.00	BET
Higgs & Hill	482§§	427	302	163.13	Lovell (Y.J.)
Metal Closures	199§§	198	159	51.13	Wassall
Monotype	160*	158	110	32.24	Pointplus
Morgan Grenfell‡	550*	544	475	950.00	Deutsche Bank
Myson‡	240*§	236	224	197.50	Blue Circle
Nat. Telecom	60*	59	49	20.38	Alcatel
Rothmans Intl.	890♦§	873	638	1.3bn	Richemont
Royal Sovereign‡	237½§	230	195	12.95	Emess
Sanderson Murray	175*	208	150	3.325	Rickell Mitchell
TDS Circuits	10*	23	20	0.90	Teknecomp
UK Paper‡	375*	370	336	298.94	Fletcher Chal'ge
VG Instruments	535*	533	535	270.20	Fisons

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.¶Unconditional.**Based on 2.30pm prices 12/1/90.†At suspension. §§Shares and cash. ♦In unlisted loan notes, maturing in 1994, in Rothmans Tobacco (Holdings).

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Anglia Television	Thursday	2.35	5.4	2.6
Burndene Investments	Wednesday	2.0	5.0	2.5
Cardiff Property	*Friday*	0.65	1.4	0.75
Colefax & Fowler Group	Thursday	-	2.2	1.1
Davenport Vernon	Thursday	-	-	-
Denmans Electrical	Thursday	1.5	3.05	1.65
Elandsrand Gold Mining	Friday©	50.0	40.0	40.0
Eurotherm International	Tuesday	1.47	3.87	1.75
Evode Group	Monday	1.42	3.83	1.62
First Leisure Corporation	Wednesday	0.9	2.03	1.125
Greenwich Resources	Wednesday	-	-	-
Group Development Capital Tst	Wednesday	-	0.7	-
London & Clydesdale Holdings	Tuesday	1.7	4.0	1.7
London Scottish Bank	Monday	0.65	1.4	0.75
Lookers	Wednesday	1.66	3.7	2.0
LPA Industries	Friday	1.4	1.6	1.6
Macarthy	Thursday	4.5	7.0	5.0
Norfolk House	Friday	0.75	2.625	1.125
St. Andrew Trust	Friday	1.8	3.25	2.16
Selective Assets Trust	Friday	-	0.55	-
South African Land & Explo.	*Friday©*	*25.0*	*25.0*	*25.0*
Southvaal Holdings	Friday©	310.0	400.0	275.0
Sturge Holdings	Tuesday	3.25	8.75	5.0
TVS Entertainment	Tuesday	4.0	9.25	5.0
Vaal Reefs Explo. & Mining	Friday©	800.0	R11 †	800.0
Western Deep Levels	Friday©	260.0	290.0	260.0
INTERIM DIVIDENDS				
Allied Leisure	Thursday	0.55	1.1	-
Anglo Amer. Corp of S. Africa	*Monday‡©*	70.0	200.0	-
Barbour Index	Wednesday	2.5	7.0	-
City of Oxford Investment Tst	Wednesday	0.7	0.9375	-
Cantors	Tuesday	1.0	2.0	-
Clark Matthew & Sons Holdings	Tuesday	5.5	7.5	-
Cook DC Holdings	Friday	1.33	-	-
Dab Investments	Friday©	42.5	65.5	-
Dalepak Foods	Wednesday	0.9	2.1	-
Debenham Tewson & Chinnocks	Tuesday	2.0	5.0	-
Elsburg Gold Mining Company	Monday‡©	-	-	-
Empire Stores Group	Tuesday	1.95	3.575	-
Excalibur Group	Monday	0.25	0.75	-
Fletcher King	Monday	4.3	6.3	-
Free State Develop. & Invest	Thursday	-	-	-
Hampson Industries	Tuesday	0.55	1.75	-
Harrison Industries	Monday	2.1	4.75	-
Jarvis	Thursday	0.75	1.5	-
Joel HJ Gold Mining Company	*Monday‡©*	-	-	-
Jurys Hotel Group	Tuesday‡	1.6	2.9	-
Mitie Group	Thursday	-	-	-
Mosaic Investments	Monday	2.0	3.5	-
Mountleigh Group	Thursday	1.25	3.5	-
North of Scotland Invest. Co.	Friday	-	0.35	-
Palmerston Holdings	Tuesday	2.75	5.75	-
Randfontein Estates Gold Mine	Monday‡©	400.0	900.0	-
Severn Trent	Monday	-	-	-
Smith David S Holdings	*Friday*	*2.75*	*6.0*	-
Sommerville William & Son	Tuesday	1.0	-	-
Stanley Leisure Organisation	Thursday	1.75	2.75	-
Symonds Engineering	Thursday	0.3	0.7	-
Telford Group	Monday	-	-	-
Western Areas Gold Mining Co.	Monday‡©	-	-	-
Witan Investment Company	Thursday	1.3	1.825	-

*Dividends are shown net pence per share and are adjusted for any intervening *scrip issue.# Irish pence.© South African cents per share.† South African rand per share.‡ Quarter figures.*

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Alexanders Hldgs	Sept	1,810	(1,730)	3.56	(3.15)	1.0	(1.0)
Barr AG	Oct	2,940	(3,320)	32.2	(37.7)	13.0	(13.0)
Countryside Prop	Sept	20,300	(19,250)	36.9	(35.5)	4.0	(3.15)
Daily Mail & Gen	Sept	113,300	(-)	905	(-)	100.0	(-)
Dewhurst	Oct	969	(739)	8.68	(6.45)	2.2	(1.74)
Economic Forest.	Oct	2,010	1,840	10.2	(9.8)	3.5	(3.25)
Haemocell	Aug	410 L	(-)	-	(-)	-	(-)
Hawtin	Sept	1,150	(1,300)	1.15	(1.51)	0.75	(0.5)
Horne Robert	Sept	15,000	(15,400)	29.3	(30.1)	8.5	(8.25)
Irish Cont.	Oct#	1,490	(823)	8.2	(6.0)	1.9	(1.68)
Jennings Bros.	Sept	489	(450)	11.6	(11.5)	4.85	(4.85)
Jersey Electric.	Sept	7,150	(5,030)	-	(-)	27.0	(25.0)
Kunick	Sept	8,500	(5,100)	4.94	(3.51)	1.8	(1.4)
Prospect Industs	Sept	740	(472)	1.22	(0.72)	-	(-)
PWS Holdings	Sept	1,620	(1,530)	6.4	(8.7)	2.5	(3.5)
South. Business	Sept	10,250	(6,810)	41.0	(36.4)	7.83	(6.01)
Spectrum Group	June	41 L	(216)	-	(1.8)	-	(-)
Torex Hire	Oct	907	(725)	6.42	(6.05)	2.4	(0.04)
Treatt	Sept	1,370	(1,105)	9.82	(7.96)	3.25	(-)
TSB Group	Oct	155,000	(420,000)	6.6	(19.2)	5.8	(5.24)
VPI Group	Sept	6,500	(14,100)	10.1	(18.3)	1.6	(3.5)
Wheway	Sept	8,090	(5,360)	10.7	(8.17)	3.0	(2.2)
Williams J. Inds	Sept	276	(41)	0.63	(-)	0.5	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Anglian Water	Sept	28,500	(-)	-	(-)
Banks Sidney C.	Oct	1,230	(1,090)	2.5	(2.12)
Barlo Group	Sept#	1,190 L	(704)	-	(1.25)
Beepak	Oct	1,830	(1,610)	2.6	(2.25)
Bucknall Austin	Oct	706	(516)	1.3	(1.1)
Carclo Engineering	Sept	3,960	(4,330)	1.55	(1.35)
Cooper Clark Group	Oct	598	(406)	1.5	(-)
Cowan de Groot	Oct	1,150	(1,360)	1.25	(1.25)
Dixons	Nov	32,000	(42,000)	1.6	(1.43)
Ellis & Everard	Oct	7,780	(5,040)	2.2	(2.0)
Fairbriar	Sept	3,320	(6,210)	1.25	(1.7)
First Technology	Oct	3,100	(1,950)	3.0	(2.5)
Flextech	Sept	2,210	(1,030)	-	(-)
Goode Durrant	Oct	6,700	(5,470)	2.15	(1.75)
Howden Group	Oct	7,070	(5,360)	1.59	(1.42)
Jones Stroud	Sept	3,460	(3,680)	3.0	(2.5)
Markheath Securities	Sept	4,300	(3,800)	2.0	(1.5)
ML Holdings	Sept	3,700	(2,730)	0.85	(0.72)
Multitone Electronic	Oct	73	(288 L)	-	(-)
Neepsend	Sept	436	(118)	0.5	(0.4)
Nobo Group	Oct	1,160	(1,840)	2.42	(2.2)
North West Water	Sept	15,100	(-)	-	(-)
Northumbrian Water	Sept	3,800	(-)	-	(-)
Planning Research	Sept	172 L	(184)	1.0	(-)
Sheafbank Property	Sept	483	(434)	0.1	(0.1)
South West Water	Sept	17,800	(-)	-	(-)
Southern Water	Sept	24,400	(-)	-	(-)
Thames Water	Sept	81,400	(-)	-	(-)
Tomkins	Oct	23,300	(19,100)	2.7	(2.0)
Vardy Reg	Oct	2,320	(2,090)	-	(-)
Welsh Water	Sept	18,400	(-)	-	(-)
Wessex Water	Sept	8,800	(-)	-	(-)
Wyko Group	Oct	1,530	(1,240)	1.4	(1.25)
Yorkshire Water	Sept	17,400	(-)	-	(-)
Zetters Group	Sept	364	(114)	1.75	(1.5)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L = loss.# Irish punts & pence.

RIGHTS ISSUES

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Miles Smith Anderson & Game is to seek a quotation on the USM in the near future.

FINANCE & THE FAMILY

I decided to destroy my Lloyds Access rather than pay the new £12 fee. One reason was that I am one of those customers, much hated by the banks, who settle their Access account each month in time to avoid incurring any interest charges. So I did not want to pay £12 mainly for the privilege of being bombarded with "junk" mail. However, an equally important reason for my decision was to protest in a practical way against the "inertia" selling technique Lloyds is using.

It will be deducted automatically from cardholders from February 1 unless they specifically decide not to pay up. Although Lloyds has circulated all cardholders with an explanation, there is little doubt that the bulk of the 2.9m holders will only realise what is happening when, and if, they bother to examine their monthly statements.

I will miss my "flexible friend," which was very convenient. I have not bothered to apply for an Access or Visa card from the other banks, because I am sure they will follow suit shortly, possibly with worse charges.

I am relying on my free Lloyds Visa payment (debit) card and a Robert Fleming/Save & Prosper Visa credit card, since they gave me the option of either paying an annual fee (of £8) and interest at 22.7 APR, or no fee and interest at 24.6 APR, still a competitive rate. To lock into the Mastercard (Access) system, I am considering the down-market Lloyds Gold Card, which costs £30 a year but allows you to borrow at a favourable rate as much as you can negotiate with your bank manager, up to £10,000.

John Edwards on the rising cost of credit cards

To cut, or not to cut

IT'S DECISION time for holders of Lloyds Bank Access cards. They have until February 1 to decide whether to start paying the new annual fee of £12, or give up the card by destroying it.

From February 1, the fee will automatically be deducted on an interim basis of £1 a month until the anniversary of you opening your Access account, when the annual fee of £12 will be automatically charged to your account; plus £6 for any additional card you might have.

There are many who object strongly to the whole idea of paying any fee merely for the privilege of using a credit card that charges punitive rates of interest. But before you decide to snip your card in two it is worth considering the alternatives:

■ If you scarcely ever use your card, it obviously makes sense to cut it up immediately before you start incurring charges.

■ If you are one of the growing *number of people (nearly 50 per cent of all credit card* holders) who pay off the outstanding balance before the required date and, therefore, pay no interest, it is also makes sense in theory to scrap your Lloyds Access.

But a word of warning. The main reason why Lloyds is introducing a fee is because of the increase in the number of customers paying up at the right time to avoid interest charges and take full advantage of the deferred credit available. These canny users have severely reduced bank profits on credit cards and it is no secret that the other clearing banks are thinking seriously about introducing fees too. They are just waiting to see how Lloyds gets on before making a final decision.

For example Barclays, which has 9m Barclaycard holders, says the current system is not sustainable, but that it is not going to be rushed into making a change before judging the possible reaction of customers. Midland and NatWest are adopting similar stances.

It is likely that fees will eventually be charged in one form or another by all the banks. By giving up your Lloyds Access card now you might find yourself jumping from the frying pan into the fire and only gaining a short-term respite.

■ If you regularly use your Access card as a way of borrowing money on a short-term basis, you could actually benefit from the reduction in the interest rate charged from 2.2 to 1.9 per cent a month – 29.8 to 25.3 annual percentage rate – that Lloyds has made to soften the impact of charging a fee. The sums depend very much on individual circumstances, since the saving on interest charges is linked with how much you borrow.

■ If you still baulk at paying a fee for an Access card you can rely solely on the Lloyds Visa debit card, which can be used for drawing cash and settling many bills, although it is like a cheque in that payments are deducted straight from your bank account and you do not benefit from deferred credit.

■ Alternatively, if you earn £20,000 or more, you can switch *to the new Lloyds Mastercard* Gold Card. At £80 a year this costs a bit more than Access (which is also part of the Mastercard system) but you get some extras such as free purchase protection insurance and a lower interest rate of 1.6 per cent monthly (22.4 APR) on borrowings up to £2,500.

Lloyds Bank refuses to say how many of its 2.9m Access card holders have surrendered their cards, on the grounds that such information would help its competitors. However, it claims that the bulk of people handing in their cards, so far at least, are those with "dormant" accounts that have not been used for a year, and customers who settle up each month to avoid paying interest. Ironically, the more card holders Lloyds loses, the greater the pressure on competitors to introduce fees.

The first ominous sign of the pressure on profits is that the TSB is to raise the interest rate on its Trustcard from 2.2 to 2.3 per cent, effective from February 1. The new Trustcard rate is the APR equivalent of 31.3 per cent and is the first bank credit card to break through the 30 per cent barrier.

Mortgage with a long-term view

A MORTAGE with an interest rate fixed at 12.65 per cent for 10 years is being offered by First Mortgage Securities (FMS), the London-based centralised lender.

According to FMS, the rate is in line with average interest rates in the 1980s and allows borrowers to plan in the long term.

It also involves quite a gamble on future interest rates, since FMS warns that there could be substantial costs if you want to repay before the end of 10 years at a time when prevailing lower interest rates are lower than 12.65 per cent.

The mortgage is based on various sources of long-term funding, but the redemption costs will be calculated in accordance with movements in the gilts (government securities) market.

If you redeem at the wrong time the cost could, therefore, be very severe, so FMS has agreed to limit the maximum penalty to the equivalent of 24 months interest.

Two important features are that the loan may be transferred at any time to a new property, if the borrower wishes to move – subject to valuation of the new property. It may also be transferred, or sold, at any time to a new borrower, providing their financial status is adequate. So there is some flexibility.

After 10 years the interest rate will become variable. Borrowers can also choose a low-start option and pay a lower interest rate of 10.95 per cent for the full 10-year period, but can switch to the full rate at any time. The difference between the full rate and 10.95 per cent is capitalised and added to the outstanding loan.

There is an initial arrangement fee of £195 and you have to take out life cover equivalent to 125 per cent of the value of the loan at the full rate and 160 per cent if you opt for the low-start option.

The 10-year mortgage will be offered through independent brokers in London and the south of England. It is obviously an interest-only loan, but FMS is not worried about the method of repayment. Existing endowment or pension policies can be used, or possibly Personal Equity Plans (PEPs).

J.E

Expatriates: Peter Gartland on prospects for 1990

Equities look popular

THE WORLD'S major share markets got off to a flying start in the 1990s, albeit followed by a bout of nervousness.

Expatriates may be tempted to increase their holdings of shares, perhaps at the expense of other forms of investment or saving, in anticipation of further rises. But a short trip down memory lane to October 1987 should serve to remind them that not even Wall Street and the City of London can defy the laws of gravity forever.

So is it wise to be bullish, or should you be cautious? To update an exercise last published in this column a year ago, Finance & the Family asked four leading investment groups to quantify their current investment recommendations for UK non-resident private clients who want capital growth from a balanced portfolio.

The recommendations shown in the accompanying table are for investors who "think" in sterling.

All four groups weight private client portfolios in favour of equities, but to varying degrees.

Of the four groups, Capel-Cure Myers Capital Management (C-CM) is the most committed to equities, recommending an allocation of 90 per cent. This time last year, C-CM was 77.5 per cent committed to equities.

Guinness Flight's asset allocation recommendations – of 85 per cent – also reflect considerable bullishness when it comes to equities.

At the other end of the scale, James Capel is currently recommending a 58.5 per cent exposure to share markets, down slightly from its January 1989 figure of 65 per cent, while Barclays de Zoete Wedd (BZW) favours equities to the tune of 75 per cent.

Clearly they cannot all be right, so what is the thinking behind their current views?

Michael Lenhoff, portfolio strategist at C-CM, maintains that there is a tendency to underestimate the robustness of corporate earnings potential in Japan and in Europe, particularly France and Germany.

Overall, he is very bullish on Europe. Developments in Eastern Europe have the support of the West but, he cautions, these "could turn out to be a sideshow if the USSR turns sour." Lenhoff is somewhat wary of the US market. Wall Street may move higher, but he describes it as a "high-risk situation."

He believes the merger and acquisition activity that has been instrumental in keeping the US market primed will become less of a force due to the well-publicised problems of leveraged buy-outs.

Conversely, there will be an increase in M&A activity in the UK, where he thinks sterling will stabilise, interest rates will come down and the high overseas earnings of the large companies will push up the index.

In short, "the bad news is in the market," says Lenhoff.

Stephen Oakes, head of James Capel's International Private Client Division, thinks there has been too much euphoria about Germany.

"People are taking in all the good news and not looking at the potential problems," he says. Elsewhere in Europe he finds France attractive and, among the smaller markets, he favours Spain and Italy.

Oakes' relatively high cash content of 19 per cent is explained by his caution of rising equity markets and rising bond yields. "The relationship between the two is becoming stretched," he says.

James O'Hegarty, the director of BZW Portfolio Management who is in charge of high net worth, non-resident accounts, says France is his favourite continental European market for the long term. He also favours Germany and the Netherlands but advises expatriates to steer clear of Austria (which was a star performer in 1989) and Greece.

The UK, he says, "is not fundamentally unattractive" but there are better opportunities elsewhere.

James Leslie of Guinness Flight concedes they were not bullish enough on equities in 1989 but says there is still plenty to go for, especially in the UK market. A further decline in the currency would not affect a sterling investor's returns, he adds.

It does, of course, happen that some British expatriates "think" in US dollars. Asset allocation recommendations do vary, sometimes significantly, according to an investor's reference currency.

For example, Guinness Flight's 45 per cent exposure to the UK market for a sterling-based investor would be reduced to 6 per cent for a dollar investor. The company's US equity recommendation for dollar investors is only 18 per cent.

This reflects the fact that Guinness Flight is more confident of the UK market for a sterling investor than it is of Wall Street for a dollar investor – fears of a US recession clearly remain a factor in investment managers' thinking.

■ *Peter Gartland is Editor of The International, the FT's magazine for expatriates.*

PERCENTAGE ASSET ALLOCATION FOR UK NON-RESIDENTS

	BZW	JAMES CAPEL	C-CM	GUINNESS FLIGHT
Equities	**75** of which: US 12; Japan 5; UK 35; Europe 13; Other Far East 10	**58.5** of which: UK 12.5; Europe 12.5; N. America 7.5; Australia 2.5; Japan 15; Other far East 6; Mining 2.5	**90** of which: UK 42.5; US 15; Japan 15; Other Far East 2.5; European 15	**85** of which: UK 45; Europe 15; Japan 12; Other Far East 8; US 5
Bonds	**15** Sterling 10; US$ 5	**22.5** Sterling 7.5; DMs/Fls/Ffrs 7.5; ECUs 5; Swiss francs 2.5	**7.5** Sterling 7.5	**Nil**
Cash	**10** Sterling 10	**19** Sterling 12.5; DMs 6.5	**2.5** DMs 2.5	**15** Sterling 15

FINANCE & THE FAMILY

A question of fees

AT PRESENT my solicitor is the principal executor to the wills of my wife and myself, with my eldest son as co-executor to look after the personal side of our estates.

The wills include a clause to the effect that any executor or trustee being engaged in any profession or business shall be entitled to be paid all usual professional fees, etc. Fair enough, but it appears to me that this is quite unrelated to the amount of work involved, for as I understand it such fees are based on a percentage of the gross value of the estate. Could you confirm if this is correct and indicate what kind of fee is to be expected?

In our case we have been lucky with the value of our house, which is now worth some £400,000. We have held it as tenants in common ever since I made over a half interest to my wife, as otherwise she had negligible assets to pass on and take advantage of the zero-rated first band of £118,000 for inheritance tax purposes.

It now seems that my half of the house will go through her estate as well as mine, so increasing the value for percentage fees calculations to some £600,000 – and all this before adding the value of a share portfolio and building society deposits!

■ The fees should *not* be based on the value of the estate, but on the work actually done. If both executors prove the will neither has any senior or principal status. If you do not provide for your half share in the house to go (in its entirety) to your wife you can make a more tax-efficient use of your own nil rate band (if you are the first to die).

Tax bill on units plan

I HOLD an insurance plan linked to a unit trust. On maturity the units allocated to my plan will be transferred to me and a deduction equivalent to the capital gains tax on the units will be deducted. Will I be able to offset this deduction against losses on the sale of unit trusts or shares in the same tax year?

No: the deduction on account of the insurance company's prospective corporation tax liability on the disposal of the units is merely an element in the calculation of the life policy's maturity value. If you re-read the terms of the policy, the position should become more clear to you.

The rate of deduction is fixed by the insurance company at its discretion (subject to any overriding maximum incorporated in the terms of the policy). It is linked to the company's own corporation tax liability, and has no connection with your personal capital gains tax position.

Gift of a picture

IN 1985 I bought a picture for my married daughter and told her that she could take possession of it at any time. She has still not done so. Is the picture "property subject to reservation" and part of my estate for inheritance tax, even though it was gifted during the capital transfer tax regime?

■ The rules as to gifts with reservation, where the donor gives property to another but keeps some interest in that property or reserves some right with regard to it, applies under Section 102 of the Inheritance Tax Act 1984. This is where an individual makes a *gift of any property* after March 17 1986 and (a) possession and enjoyment of the property is not bona fide assumed by the donee at or before the beginning of the relevant period or (b) at any time during the relevant period the property is not enjoyed to the entire exclusion or virtually to the entire exclusion of the donor and of any benefit to him by contract or otherwise.

The "relevant period" means the period ending at the donor's death and beginning seven years before the death or, if it is later, on the date of the gift.

Therefore, it would be a question of proof as to when the gift was made. As to items like personal possession, delivery is proof of the gift and you should examine what other evidence you have that the gift was made by you in 1985.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Mortgage tax relief

MY MAIN residence is held jointly in my wife's and my own name. It is currently valued at around £300,000 and I have a £30,000 mortgage which I pay and claim tax relief on at my rate of 40 per cent. Would it be possible to transfer the entire property into my wife's name, retain the mortgage in my name and continue to claim tax relief?

No, even if suitable arrangements could be made with the mortgagee or with another lending institution, because of the requirement in section 354 (1) of the Income and Corporation Taxes Act 1988 that interest be "paid by a person for the time being owning an estate or interest in" the land bought with the aid of the money originally borrowed.

Transfer of shares

I HAVE several shares at present worth very little, but they may have a future. How can I pass them to a great niece? One share bears a loss of about £1,000, while some others are unquoted. Do I sell them to her, or do I give them and claim capital loss? Where do I get the forms to transfer and what are they called?

■ Since your great niece is not a lineal descendant, she is not a "connected person" as defined in section 63 of the Capital Gains Tax Act 1979. A gift of shares to her will therefore establish a fully allowable loss, by reference to the market value of the shareholding on the day of the gift. The loss will, of course, be limited by reference to the market value at March 31 1982, where appropriate. The cost of ascertaining the market values needed to calculate the allowable loss will itself be deductible in calculating that loss, by virtue of section 32 (2) (b) of the CGT Act.

Share transfer forms are obtainable from business stationers. As a number of our readers have been sold obsolete forms, check that the forms you are offered were printed after March 1987, so that they incorporate the stamp duty exemption certificate prescribed by the Stamp Duty (Exempt Instruments) Regulations 1987. Complete the exemption certificate carefully before sending the transfer form and share certificates to the registrar – assuming that you decide to give her the shares.

No use for garage

THE HOUSE of an elderly widow, presently on supplementary benefit, has a garage which she does not use and has no intention of using. She has appealed, unsuccessfully, against rating of her dwelling as "house and garage." She fears that after the introduction of the community charge the rating of the garage will add to her water rates. Is there any way, short of demolishing the garage, that she can get it de-rated? Would it be sufficient to build a low wall across the front, of sufficient height to prevent vehicular access?

■ We think it unlikely that you could avoid retaining the rating assessment on the garage so long as it continues to exist. However, letting the garage should amply compensate for any increase in water rates which is attributable solely to the garage.

Lloyd's Names sue syndicate

Patrick Cockburn reports on a row in London's insurance market

WHAT DO Edward Heath, former UK prime minister; Tony Jacklin, the golfer; Patrick Sheehy, chairman of BAT Industries; and Countess Aranka Demeter-Von-Szemereja Middelkoop have in common?

They are all among the 814 members of Lloyd's of London who last month started the largest single legal action in the history of the London insurance market over the loss of £304m by the syndicate to which they belong.

Members of syndicate 317/661, managed by R.H.M. Outhwaite, who committed £30,000 of their wealth in 1982, will by now have paid out £130,000 each to meet losses.

Worse, under Lloyd's rules on unlimited liability the 1,614 members of the syndicate do not know the extent of future losses, which flow from some 48 policies written by Richard Outhwaite, underwriter for the syndicate, in 1982. That was the year he took over the liabilities of other Lloyd's syndicates for claims from victims of asbestos and environmental pollution in the US.

As losses mounted after 1987 so did the anxiety of the syndicate members, or Names. They set up a steering committee to look after their interests and have now taken the ultimate step of suing for negligence R.H.M. Outhwaite and the 81 members' agents who introduced members to syndicate 317/661.

Peter Nutting, chairman of the steering committee, commented that the centre of their case was not simply that Richard Outhwaite had underestimated the risk posed by asbestos and pollution claims. It was that "if one of these contracts went wrong, they would all go wrong, because asbestos was common to all of them. They were all the same risk."

R.H.M. Outhwaite denies all allegations. Lloyd's itself denies suggestions that it has "sat on its hands." It points out that Mark Littman QC was appointed as a conciliator in the summer and has had a fair measure of success in capping syndicate 317/661's liabilities. As arbitrator, he presided over a series of deals with other syndicates setting a limit to future losses.

Second, Lloyd's is looking at the long-term feasibility of arranging a general insurance vehicle allowing the closure of all the so-called "open years" at Lloyd's, including the Outhwaite syndicate. A year is normally left "open" because the managing agent of a syndicate cannot make a realistic estimate of the losses it might face.

More immediately, how much do the members of 317/661 stand to lose? Alarming figures of £1bn in losses can be produced but this is with compound interest and over 20 or more years. Real losses falling on the names so far are £169m, though this could rise to £300m in a few years, according to Nutting.

Successful mediation has eased fears, though some of the deals – such as the $62m being paid to Murray Lawrence & Partners for tearing up its contract – look expensive. Other agreements on capping losses look much more favourable to the Outhwaite syndicate, and presumably indicate doubts about whether Richard Outhwaite was told all he should have been in 1982 about potential losses.

The case brought by the Outhwaite Names will not come to court until 1991. If it is successful the losses will largely fall on the errors and omissions underwriters who provide insurance cover to the members' agents. But it is clear that the real strategy of the Names is to put enough pressure on Lloyd's to get an agreement whereby almost everybody in the market, including the Names of 317/661, shoulder some of the losses.

The problem for Lloyd's is that the Outhwaite affair reawakens memories of the scandals which hit the insurance market in the late 1970s and early '80s. It was only this summer that a jury found Kenneth Grobb, former head of Alexander Howden insurance brokers, innocent on 16 charges of theft. At the same time Ian Posgate, once the most famous underwriter in Lloyd's, was found not guilty of conspiracy to steal from Lloyd's syndicates.

In addition Lloyd's is being hit by low premiums worldwide, a string of disasters in 1988-89, reduced tax advantages stemming from Lloyd's membership in the UK and heavy competition from commercial insurance companies. The Outhwaite affair is proving the catalyst for other fears about the future of the Lloyd's insurance market as a whole.

Donations deal

IF ONE OF your New Year resolutions is to give more to charity in 1990, think carefully about the tax implications of how you do it.

Charities rely heavily on donations made at this time of year: some receive up to one-third of their voluntary income during the festive season. But while the charitable organisations are keen to promote giving schemes in order to bump-up revenue from the public, they may find themselves in a Catch 22 situation, unwilling to point out any possible tax disadvantages in case this deters would-be donors.

One newly-packaged scheme which has surfaced recently is the use of a personal charity trust in order to make regular contributions to charity tax efficiently. Investment and Tax Planning Services recently published a document* explaining how you can set up your own charitable gift trust and covenant into the trust for a period of at least three years.

The Charities Aid Foundation (CAF), which is usually rather critical of such DIY trust/covenant kits, has approved this particular scheme, although it says donors need to be aware of the possible costs.

The covenanted amount is set net of basic tax, with the trust claiming the basic rate from the Inland Revenue. There is no limit on the amount you can give. As a trustee you may make donations of any size to charity from the trust whenever you want.

If you want to know how to set up such a personal charitable trust, the document contains a draft trust deed with a deed of covenant, plus instructions on how to complete it and guidelines on: amounts to be covenanted; the frequency of subscription; the period of covenanted subscriptions; appointment of additional trustees; opening a bank account in the name of the trust; and submitting a copy of the executed trust deed and any supplementary covenant to the Title Section of the Claims Branch, Charities Division, of the Inland Revenue.

The money can only be donated to registered charities or causes concerned with the relief of poverty, advancement of religion, advancement of education or purposes beneficial to the community and deemed to be charitable by law.

If you require help with completing the documents, the Charity Commissioners office** says it is happy to provide free assistance.

However, Peter Maslen, CAF trust manager, warns that total costs may not be limited to the £35 charged for the document. He points out that donors may have to pay legal fees in order to obtain approval from the Charity Commissioners Office, and that donors may also need to pay for further legal help during the life of the trust. In addition, they may need to pay for an accountant's help in producing the annual set of accounts required by the Inland Revenue, as well as for making a tax repayment claim each year.

Maslen warns that setting up a charitable trust could entail legal complications if the document is not carefully drafted. Such trusts are subject to close scrutiny from the Inland Revenue. "There is a germ of a good idea here but it may not be practical for certain investment reasons," says Maslen. For example, such a scheme does not allow you to invest the funds which are donated.

CAF itself provides free assistance (although it is considering whether to start charging) to anyone who wants to set up a charitable trust with an investment portfolio. In such cases, the capital is usually invested in a unit trust called CAF Invest. Furthermore, the scheme is approved by the Inland Revenue and avoids the hassle of gaining approval from the Charity Commissioners Office and of producing annual accounts.

With the CAF scheme the settlement is made in the name of the CAF trustees and donors are provided with a chequebook for making their donations to charity. Free details are available from Maslen at CAF's office.***

*The Outline Guide to establishing your Personal Charitable Gift Trust, with a specimen trust deed, costs £35 and is available from John Harrison, Investment and Tax Planning Services, 2 Stratford Place, London W1N 9AE, Tel 01-491-0739.

** Charity Commissioners Office, St Alban's House, 57-60 Haymarket, London SW1.

*** Charities Aid Foundation, 48 Penbury Road, Tonbridge, Kent TN9 2JD.

Sara Webb

Look who got the New Year's honours in these lists.

Performance over 3 months	% increase	Rank
UK GROWTH		
Eagle Star UK Growth	12.9	*1*
Eagle Star Environmental Opps	11.0	2

Performance over 3 months	% increase	Rank
UK EQUITY INCOME		
Eagle Star UK High Income	10.9	*1*
Quilter Income	−1.7	*80*

Source: 'Financial Adviser' Magazine 4.1.90, a Financial Times Publication.

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MINDING YOUR OWN BUSINESS

Anthony Moreton meets two sky-gazers who are building their own observatory

A heaven-sent opportunity

Alan Harper

Cheryl Butcher and Brian Williams: building an observatory for the people

FIFTEEN years ago Brian Williams had a dream. Then working as a technical officer with the Department of the Environment in Bristol, he dreamt of opening an observatory, a place where children in particular could come and use a telescope and its computer-aided systems to study the heavens.

Fifteen years on he is within sight of realising that dream in the little hamlet of Trellech, 1,000 ft above the Wye valley in Gwent, not a dozen miles from the border with England. Now joined by a partner, Cheryl Butcher, the observatory has been built and the equipment is being installed.

The two hope to open next summer, but the actual date hinges on finance. They need around £20,000 to complete the project and while this may not sound a lot the two are doing everything on a shoestring, writing to almost anyone who will offer something. The latest to come up trumps has been South Wales Electricity, which has offered radiators worth about £5,000.

Every little helps. This way, the pair have built an observatory that would have cost well over £1m for between £30,000 and £100,000. Neither of them is sure just how much because strict accounts were not kept – the observatory just grew. Much of the outlay has been met by their own resources. Williams put in £6,000 following the sale of his Bristol home and he got a £7,000 loan from the council. Butcher has put in an amount which she quantifies no more than "into five figures."

That, of course, is only the visible tip. It does not take into account all the uncosted, unpaid hours they have both put in. Williams estimates that the cost of everything collected since he started in the 1970s would add up to six figures. "But if we had had to buy things the cost would be over a million," he claims. "The mark-up on equipment is horrendous."

Williams agrees that this is in most respects an object lesson in how *not* to start a business. As a civil servant he had little or no practical business experience when he started out 16 years ago – no business plan, little personal finance and not much outside guidance. Two and a half years ago he even gave up work to look after his wife, who was ill. Since then he has lived on the dole. But he did have faith, both in himself and the project, and was fortunate to find a partner who could pump in some money and a lot of time at a difficult juncture.

Butcher undertook the administration while he laid the footings and the bricks (as a youngster he was a mason by trade). Williams's first big "error" was to start work before seeking assistance from the sort of bodies that might offer it – the Welsh Office, Welsh Development Agency, Wales Tourist Board. His preparatory work and enthusiasm militated against him. The general rule is that aid is only given in consideration for a project about to start, not one actually off the ground.

"We wrote to everyone we could think of," Butcher says. "Even to Mrs Thatcher. Then we changed tack and instead of writing for money we wrote to organisations asking for physical help."

The two had met by accident, though they were neighbours. She had been leading a community group campaigning against plans to open a quarry in their area. He backed the opposition; they discovered a mutual interest in astronomy; she put money in and became a business partner. Although they got no financial help there was a "fairy godfather," an official of the WDA who went to great pains to point them in the direction of companies that might help materially.

The first was British Aerospace in Bristol, where Dr David Morgan seconded a team of 11 pre-university students to work on the drive system and other aspects of the technology of the project. This enabled Williams to move the observatory from a standard grade one to a high technical level.

Others followed. British Steel gave the plate for the mount, which was fabricated at Ebbw Vale College of Further Education. Gillet Exhaust Manufacturing, of nearby Tredegar, helped with turning the main cell for the triplet lens. A Yorkshire company, Bonar & Flotex, gave them floor covering and Gordon Russell Furniture offered chairs. Other help came from Hoover, Ciba Geigy, Chance-Pilkington, Sunburst Blinds, Celtic Displays and Royair.

Despite the hand-to-mouth approach this is not intended to be a tuppenny-halfpenny scheme. Williams says the Trellech Observatory's 340mm refracting telescope compares well with any of its type in the world. One at Cambridge, for example, has a diameter of only 300mm. "Of our type and design we will probably have the largest telescope of its sort in the world. It's quite something. We will be able to pick up all the major and minor planets and their moons."

Most important to the two of them, though, is that this will be a hands-on observatory, and one which pays special attention to the disabled. "The observatory is to be *used* by those who come here," Williams says. "It's not just for looking at." Butcher adds that "many disabled have an interest in astronomy. When you think of it that seems obvious. They may not be able to garden easily or play table tennis, but they can study the stars on an equal footing with the able bodied. So our facilities have been built to accommodate their needs."

The pair hope that the observatory will become an important tourist attraction. Admission prices will be "keen" – although they have little idea yet what they will actually be – and the observatory will employ two or three people.

The main source of income will come, though, from schools which send their classes along. Astronomy is becoming increasingly popular as a subject and at least one examining board had it as an GCSE option. "Imagine how someone offering astronomy as one of his or her subjects would stand out at an interview," Williams says. "There are 6,000 schools in our catchment area and with so much interest in the subject we simply cannot fail."

In theory Williams and Butcher have done almost everything the wrong way. But they now have a building with a dome in place and will soon have their telescope installed. They have been sustained by a dream, and that dream now looks certain to come to fruition. Another £20,000, Williams says, would enable them to open "sooner rather than later."

Sally Watts reports on a windsurfing fan who turned his hobby into a profitable business

Publisher with the wind in his sails

Alan Harper

Mark and Pauline Kasprowicz: from hobby to thriving business

TURNING A hobby into a business has much to commend it. For Mark Kasprowicz it has worked so well that he now has little time for the hobbies – windsurfing and skiing – themselves, as he is so busy producing and publishing his magazine about them.

As with so many entrepreneurs, his has been a circuitous route. His first job was as an articled clerk with chartered accountancy in mind. Then he was a technician at the BBC Television Centre, and in 1973 changed to local radio. He joined Radio Oxford in its early days, progressing from station assistant to producer-presenter and gaining "a depth of experience." But seven years ago, when he and an old college friend, Richard Hease, ran across each other, their discussions turned to favourite hobbies, and specifically to starting their own windsurfing magazine. "What was on sale was not what we wanted to read. We wanted a bit of sparkle, a bit of glitter."

Their talk was the first step on another circuitous route. They researched the market, looked at finances and decided they would have difficulty meeting their financial targets – and then a new windsurfing magazine, *Boards*, appeared.

On the principle that if you can't beat them, join them, Kasprowicz started writing for *Boards*, contributing the type of article he wanted to write and acquiring useful experience. In 1987 he again spotted a hole in the market, and again a new magazine moved in to fill it. By now he was test editor of *Windsurf* magazine and when the editor left, he took on the job – "an apprenticeship that gave me a thorough grounding," he says.

Last year came the chance to buy the magazine. Says Kasprowicz: "I had to find £50,000 and I had no money at all. But this was what I wanted." National Westminster Bank gave him a business loan of £25,000. Richard Hease, now a businessman in London, put up the balance. They also have a £15,000 overdraft facility.

They started trading, under the name of Arcwind, in January 1989 and today have a turnover of £250,000. Hease is a director, Kasprowicz, 42, is managing director and publishing editor. Five full-time staff include his wife, Pauline, who is company secretary, and two he took on from the original *Windsurf* magazine, Mark Royle, advertising manager, and Jim Peskett, assistant editor of *Windsurf* and editor of *Ski Magazine*.

Ski Magazine is an even newer venture: Kasprowicz made an offer and bought it "for a song" last August, with the help of external directors' loans. It was a risky time, partly because advertisers book their space in April and also because an 84-page issue had to be prepared in a mere two weeks.

This new acquisition, bank-rolled through *Windsurf*, is just about breaking even. With their third issue behind them, they have seen circulation rise by about 25 per cent. *Windsurf*, the official magazine of the British Windsurfing Association, had a 10,000 circulation when they took it on and, with strong promotion, is on course for 18,000. Both journals cost £1.50 each.

"We've stuffed almost every penny we had into them," says Kasprowicz of his glossy publication, which is designed by John Stanley. "It's been blood, toil, tears and sweat," says in Pauline.

Expenses are high. Each issue of *Windsurf* – nine a year – costs around £18,000, including £11,000 to £12,000 for paper and print, £3,500 to £4,000 for colour, and about £1,200 for contributions and photos. *Ski's* five annual issues each cost about £14,000.

Marketing is important. There are three aspects: the quality and contents of the magazine; working with their distributors to get it on to the newsagent's shelf; and keeping a high profile.

Operations are conducted from an office built on to an outhouse at the Kasprowicz home in Tackley, Oxfordshire, where they live with their two children, aged 12 and nine. It would have cost £10,000, but with DIY help from windsurfing friends, the cost was less than £4,000.

Although they hope to expand, with more office space and another staff member, Kasprowicz now intends to consolidate, probably a wise decision as the high bank rate has reduced January/February advertising by half. But cash flow is healthy.

He says: "One reason for our success is that we're enthusiastic about what we're doing. There's no real demarcation between jobs: we all do everything. I make the decisions but we all take part in consultations." Says Pauline: "We complement each other. If one of us is down the other encourages them. As the children got older I went out to work, but the hours weren't good. Now I work much longer but I'm here and it's for us – a shared goal."

■ *Arcwind, The Coach House, Tackley, Oxfordshire, OX5 3AH. Tel: 086-983-677.*

Skiing

In the US they do it at night-time

Arnold Wilson takes to America's floodlit slopes

THIS IS silly but irresistible fun. You've been on an aeroplane for about 12 hours. Gatwick is already a distant memory.

So is the urbane American Airlines captain who wished he had never said, as we left Dallas Fort Worth five hours ago: "It's just a beautiful day to go flying, so if we've got any white knuckle flyers, I want you to let go of the arm-rests and enjoy the flight!" (Half an hour later he'd added sheepishly: "Sorry about the choppy ride. Imagine you're in a hotel room getting a back massage. We gave it to you for free!")

Now it's 4 am in your head and it ought to be lying on a pillow somewhere. Yet here you are on skis in the middle of the night about to swoop down Flying Dutchman and Lower Jackwhacker. Local time is only 9 pm and technically you are skiing in Colorado on the *same day* that you left the UK — a difficult feat in Europe, never mind America.

How can you possibly go to bed, no matter how exhausted you are, when America's biggest night-skiing area — lit by a galaxy of eerie yellow floodlights resembling a huge swarm of giant glow-worms — is stretched out in front of you? Somehow you feel you shouldn't be doing this. It's as though you've had a midnight feast in the dorm and then sneaked out with the keys of the headmaster's car — in this case the Skyway Gondola — turned on the 300 high pressure sodium lights and opened up an entire ski resort.

Keystone, Colorado: a high-speed gondola ferries skiers day and night up the mountain

Talking of keys, if you drop them in the gondola in the dead of night (we did) and you haven't got a torch (we hadn't) it can be a tricky business grovelling around searching for them. Fortunately, the somewhat eerie and surreal night journey to Summit House at 11,640 feet takes almost a quarter of an hour, and we managed to find them.

Some couples have insisted on riding the gondola alone at night. A lot can be accomplished in a quarter of an hour. Many American resorts play at night skiing, but Keystone does it in style. The original concept of night skiing was to provide skiing for harassed business executives who just couldn't find time to escape to the slopes in daylight hours.

Most night-skiing areas were close to major conurbations. However, the idea has spread to more remote areas. Keystone is 75 miles from Denver. Even that is not so far for someone who suddenly feels the need after an exhausting day to let their hair down and point their skis and nose down a mountain in a modest imitation of Concorde taking to the air. It's a three-mile ride to the bottom. More than 40 per cent of the mountain is lit, 13 trails in all, and because there are relatively few skiers on the mountainside at night, it is terribly tempting to ski too fast. Hence the warning: "Please be aware that night visibility is different than daytime and shadows do exist. Night skiers found skiing on unlighted runs will have their lift tickets removed and be prosecuted to the full extent of the law. Wear clear goggles or glasses. Slow down and ski with extra care."

In spite of this, the urge to ape Franz Klammer is difficult to resist. During the day if you ski out of control you are likely to hit someone else — not a good idea in litigious America.

Here, with a deadly cocktail of adrenalin and inflight champagne coursing through your veins and not a soul in front of you, you're the only one liable to get hurt. Night skiing starts at 4 pm, when daytime skiers need to buy another lift pass ($ 18). Just over half the night area is suitable for intermediates. Frenchman, Schoolmarm and Spring Dipper are all unusually long runs for night skiing. The rest, apart from Lower Jackwhacker which is advanced terrain, is beginner territory.

Daylight once you have recovered from the cumulative effects of the night skiing, the flight, the alcohol and the lack of sleep brings new delights. The other 60 per cent of the mountain is waiting to be skied. The excitement of Go Devil, a good long black run, awaits you. There are two other black runs you won't have skied the previous night; Last Hoot and a short but tricky burst through the trees called Whistle Punk.

There is also the more difficult terrain at neighbouring North Peak. Linked by two long and enjoyable cruising runs — Mozart(blue) and Diamond Back (black) — from the top of the Gondola where you started your night skiing, North Peak has a clutch of quite testing black runs: Ambush, Powder Cap, Bullet, Blackhawk, The Glades, Geronimo and the most difficult of all, Cat Dancer.

In 1978 Keystone purchased a firecracker of a resort four miles away called Arapahoe Basin (A Basin for short). It's the highest ski resort in Colorado, with a base elevation of 10,780 feet and skiing up to 12,450 ft. This enables it to remain open long after the likes of Aspen, Vail, Breckenridge and even Keystone itself have closed, deep into June.

It packs a dramatic variety of skiing into a smallish resort, but the onus is on challenging runs. The East Wall is the starting point for a steep, ski-where-you-like snowfield that brings you down to the more mellow green runs of Wrangler and Sundance. Green or not, Wrangler is a superb scorching run with a sweeping left-hand bend through the trees that makes you feel your skis are almost on fire.

Pallavicini, a long, severe mogul field that exhausts the stoutest hearts is reputed to be one of the toughest runs in the Rockies. Personally I found its shorter neighbour, Turbo, more of a challenge. Between Pallavicini and the edge of the ski area are four exhilarating mogul runs through the trees called The Alleys. Unless you are supremely fit, you will find it difficult not to pause for a deep breath after a dozen turns.

Right in the middle of the ski area is the main batch of black runs — Powder Keg, Radical, Standard, 13 Cornices, International and North Glade. With the handful of intermediate trails — North Fork, High Noon, Ramrod and Grizzle Road, and two more blacks, Gulch and Exhibition, there can be no complaints from the keen skier about the calibre and extent of the runs — particularly in late April, May and June when it's about the only skiing to be had.

Between them, Keystone, A-Basin, Breckenridge and Copper Mountain make up the "Ski The Summit" area. One lift pass covers all. However, if curiosity spurs you to look further afield, there is one other interesting possibility. You can hitch a ride from A-Basin to the top of Loveland Pass, where the continental divide sends water flowing west into the Pacific and east towards the Atlantic, and ski down to the rival resort of Loveland.

It's a way of ticking off one more American resort, but don't expect to be given the same enthusiastic welcome as you'll get in most of the established Colorado ski areas. They're not too used to tourists at Loveland. Once you're over the continental divide, it seems, the red carpet can be suddenly pulled from under your skis. We were made to feel exactly what we were — three strangers in town. The skiing was pretty good, but we weren't sorry to return like prodigal sons to the warm embrace of A-Basin and the crackling fire in our vast and luxurious condominium in Keystone — which could accommodate an entire village of cramped French apartments. You could almost hear the locals humming: Welcome back, my friends, to the snow that never ends. That night we dined in splendour at the Ski Tip Lodge, an old stagecoach stop. After our icy welcome in Loveland, we would have been pleased even to see a bowl of Cheesedawgs.

■ My visit was arranged by US Airtours, 295 Eastern Avenue, Gants Hill, Ilford, Essex. 1G2 6NT. Tel 01-550-8866 or 7776.

A slow boat from Ghana

THERE WOULD be nothing unusual about catching a passenger boat from Ghana to Nigeria, a short hop along the West African coast, were it not for the fact that it has been impossible for a decade. The heady days of luxury liners with their casinos and swimming pools disappeared when the good ship Ghana sank into economic decline.

But now a new boat has appeared on the horizon, the M.V Jumbo, providing a chance once more to savour transport on the high seas.

"We're leaving tomorrow, departure time 2pm," I was told by the smiling representative of Nimrod Lines. "Be at the petrol-station outside the harbour by 10.30am and we'll take you in."

I reckoned that 3½ hours to check in was excessive. Turning up at midday, I found my own way to the departure building. It is easy to tell that it has been out of use for over a decade. A sign over two cubicles reads: "You may phone from here," but there are no telephones.

The boat did not leave until 5.30, thanks mainly to immigration officials who staged a go-slow. Passengers passed through five different checkpoints, one of which was conducted by military personnel in the men's lavatory. A poster showing an officer removing a shoe-box from a lady's midriff warned: "Do not smuggle. Declare your goods."

The good ship Jumbo itself is a sleek-looking boat recently brought over from Singapore. As I boarded, the chief steward asked if I had ever been sea-sick.

"No," I lied. I have a bad history with boats, once even being sick while standing on the quay. "It's not a nice experience," he informed me, adding: "I vomited in the middle of the Atlantic on the way to Canada."

On board, economy passengers sit in garishly coloured bucket seats which are extremely uncomfortable, while the business elite have lightly padded benches in air-conditioned splendour. With all signs on the ship — including those which tell you what to do if it sinks — in oriental calligraphy, it was with some relief that this new generation of ocean-travellers heard the chief-steward make an announcement.

"By the grace of God we have left the harbour," he said. There followed various instructions on life jackets (not to be used as pillows), and medical advice that covered headaches, fever and, of course, vomiting.

"We will help you, comfort you, make you happy. But if you vomit, throw it away to keep the place very tidy. God loves you, the captain loves you, Jumbo loves you."

Ghanaians are highly religious people. Indeed, they are famed for the number and variety of their religious bodies. The small coastal town of Winneba has over 200 religious sects. It was no surprise, therefore, that the chief steward led us all in prayer.

Looking out of the cabin window, I watched the port of Tema drift away and fishing canoes head for the shore with their rich catches of red snapper and talapia. The canoes acted as a reminder of the ocean tradition of the nation. Long before the deep ports were built, these slender dug-out vessels rode the waves.

The journey to Lagos was on the long side at 20 hours. To pass the time there is a restaurant on board serving local specialities such as fufu (boiled and pounded yam) and kenkey (fermented cornloaf), both of which lost their attraction as the boat dipped and wallowed. As the sweat began to break out, the chief steward announced a video show; videos are fast catching up with religion.

At last Lagos emerged, its skyline the New York of West Africa, skycrapers towering over the traditional small houses built long ago by slaves returning from Brazil, four- and six-lane fly-overs passing the squalor of shanty towns: a typical African experience of mixed development amid muddled values. Yet it was oddly beautiful.

It was a good way to enter Lagos. The boat trip had proved a memorable experience, something of which the chief steward was determined to remind us. "God blessed us," he told me as we left the boat. "God kept us alive. By the way, did you vomit?"

William Keeling

Merrie England

The last great wilderness

Patrick Harverson visits a haunted and supernatural corner of the North

AS GHOSTS go, this one was pretty impressive: a tall Arthurian knight in full armour, sword brandished high above his head in one hand and protective shield in the other. He stood in a small ring of carefully placed stones, silhouetted against the background of bush and tree.

Sadly, this spirit was not encountered in the flesh. But the photograph of him, taken by a visiting "psychic artist," looked convincing enough: Sitting around the fire one evening in the high-ceilinged Georgian drawing room of Nunnery House, the story of the haunted stone circle was told with great and plausible gusto by Alf Armstrong, the huge, bearded Cumbrian who runs the house as a hotel with his wife Joan.

Standing at the head of the walks where the knight's apparition was caught on celluloid, Nunnery House is named after the Benedictine convent that stood on the site from Norman times until the mid-16th century. The present house was built in the early 1700s for the local Aglionby family, and is itself said to be frequented at night by the spirits of its former ecclesiastical tenants.

The supernatural appears to have a firm hold on the whole area. A few miles away stands another, much larger mysterious stone oval. One of the largest Neolithic circles in Britain, it is supposedly impossible to count the same number of stones twice. Legend says that anyone who succeeds will conjour up the Devil and bring to life the largest stone, the 15-foot high "Long Meg." Meg was a witch, turned to stone with her daughters for profaning the Sabbath with wild dancing. Chip a piece of rock off the Long Meg stone, they say, and it will bleed.

Such eerie sights can be found scattered throughout the Eden valley, a quiet corner of Cumbria just east of the Lake District. The valley is dominated by the trout and salmon-rich Eden, the only river in England to defy gravity and run south to north. It climbs from its source at Howgill Fells near Kirkby Stephen to greet the cold, unfriendly Irish Sea north of Carlisle.

Further along the Eden's banks from the Long Meg circle, up the difficult path on the sandstone cliffs of the river's gorge, lie Lacy's caves. Named after Colonel Samuel Lacy, who lived in the 18th century in nearby Salkeld Hall, the caves were excavated as a copy of the larger St Constantine's caves which dot the cliffs further downstream at Wetheral.

Unfortunately, Lacy's caves lack a colourful, haunted history. A victim of the then fashion that said that every large estate had to have its romantic ruin or grotto, Lacy had the caves gouged out of the soft stone and employed a local man to live in the five red sandstone rooms as a hermit.

The river Eden captivated Wordsworth, who, although a man of the Lakes, ventured east in his later years and found in the valley a beauty he thought unmatched elsewhere in England. There is no record of Wordsworth having travelled east of Eden, but if he had he would have encountered a dramatic change in the landscape.

The warm embrace of the fertile Eden valley gives way to the purple heathers and brown brackens of the North Penines, regarded by David Bellamy, the botanist and conservationist, as "England's last wilderness." It is this land, the backbone of the country, that gives birth to three small streams that grow into the great rivers of the Tyne, Tees and Wear.

On the road up to the North Penines, from Penrith to Alston, you pass Hartside Cross, with its views of two valleys, the Eden to the west, with the Solway Firth seen in the distance on clear days, and the South Tyne in the east, which drifts into Durham and Northumberland.

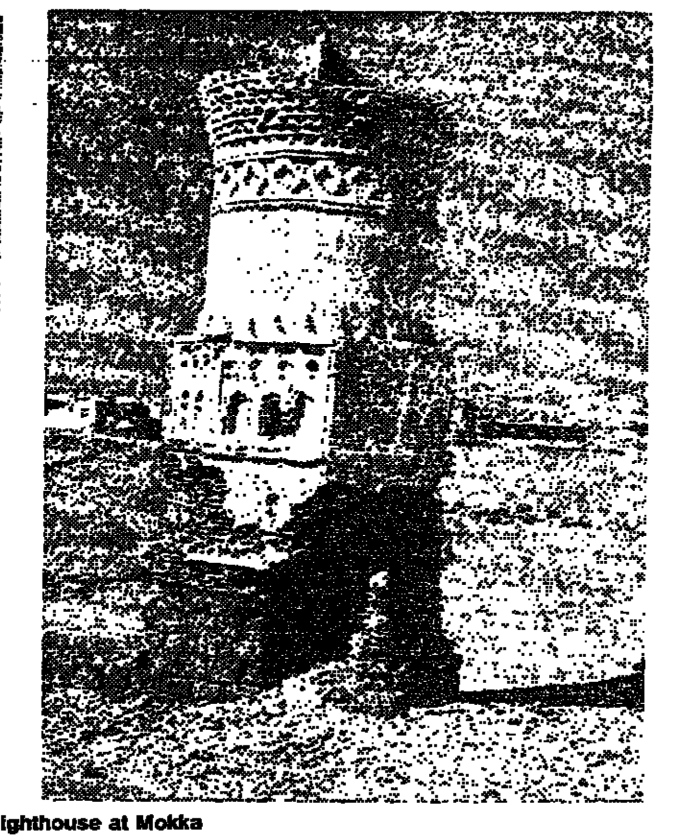
On top of the moor squats the ugly Hartside Cross Café. Not only is it the highest café in England at 1,500 feet, but it is the only one in the country with its own ski club. A few years ago an intrepid local ski-buff had the bright idea of building a small, thigh-high drag lift alongside the road to haul enthusiastic skiers up to the top of the pass.

Unfortunately, this enterprising venture has had an unhappy life. Since it was established there has been insufficient snow to warrant cranking the cumbersome system into life. There has been no opportunity for Cumbria's own Klammers and Stenmarks to display their smart stem-Christies and perfect parallel turns on the small, exposed run that looks down on Melmerby. Yet the locals are an optimistic lot, for the ski club proudly boasts 700 paid-up members.

Pass over Hartside and down to the next valley and through the gloom appears the town of Alston. Alston is England's highest market town, a bleak, slightly disturbing place with tight cobbled streets and tall thin houses of rusty stone strapped to the steep hillside. Alston, inbred and isolated, has the smell of a frontier town. In America it would be called "rugged," in Australia this would be the Outback.

There is a good story told of a disreputable Alston family that, until a few years ago, used to terrorise the populace with their drunkeness, brawling and thieving. The big, violent sons proved a law unto themselves, and Alston's small police force were powerless to intervene, so scared were the local people of fingering the guilty.

This mayhem went on for years until the townfolk, at the end of their tether, gathered their courage and the biggest of their men to beseige the family's house one night, hurling insults and missiles with frustrated venom. Fearful of their lives, the wrong 'uns were run out of Alston, to flee for the safety of the big city of Carlisle.



A stained glass window-maker's apprentice at work in North Yemen and (right) the remains of a Dutch-built lighthouse at Mokka

Traditional society that has kept its past

Nick Fielding explores Yemen, a land of architectural wonders, but no architects

AFTER DRIVING 30 or 40 miles through swirling dust and powder-fine desert sand with no apparent road — a broken line of old petrol drums and a trace here and there of the old camel route were the only visible markers — we approached the deserted town of Barraquish at the edge of the Rub al Khali, the fabled Empty Quarter of Arabia.

To the east lay nothing but sand for hundreds of miles, to the west a 5,000 ft climb into the central highlands of the Yemen Arab Republic from which we had just descended, ears popping as our four-wheel drive vehicles negotiated the tortuous bends of the Chinese-built road.

As we approached the massive walls of this ancient city, built more than 3,000 years ago at the time of the Queen of Sheba, when caravans laden with frankincense, myrrh and other spices would make their way up towards Petra and Palmyra and the great cities of Mesopotamia and Persia, we were flagged to a halt.

Local tribesman, each one wearing the traditional *jambia* or curved knife, and with less traditional Kalashnikov assault rifles slung over their shoulders, wanted a payment to let us approach. We paid and began to walk towards the walls. Suddenly shots rang out and we froze. Five minutes and a lot of shouting and bargaining later, we resumed our excursion. We were truly in the Yemen, a land of scorching deserts, jagged mountains topped with villages that seem to float in the clouds, and yet a rich and fertile land where bananas, papayas, dates and coffee grow in abundance. Nine million people live here, more than in the rest of the Arabian peninsula combined.

A few hours' drive away from Barraquish across the desert lies Marib. Oil was discovered here in the early 1980s and change is coming, but for now one can still gaze and wonder at the Temple of the Moon, Bilquis' Throne and the astonishing Marib Dam, once more than half a mile across and still an imposing sight.

A mile up the dry wadi from the old dam a new one has been constructed, paid for by wealthy Arabs in the Gulf, descendants of the original Yemenites who were forced to flee when the old dam burst in the 6th century BC. Behind it, in this arid terrain, lies a massive lake, and barley and sesame seed grow nearby, fruits of the desert.

In the south of the country, on the Tihama coastal plain, almost on the border with South Yemen, lies the old Red Sea coffee port of Mokka. It is now little more than a shadow of its former glory. Where once 3m trees grew and a great city built by the Dutch merchants of the East India Company flourished, there is now little but sand and the crumbling remains of the last few merchants' mansions and warehouses. Scattered around in the sand are thousands of fragments of 17th century Chinese porcelain, testament to the great trading traditions of the past. The old warehouses are falling to pieces, inhabited now only by dogs and bats. But even the fading grandeur of Mokka cannot compete with the indigenous buildings of the Yemen. It is a land of architectural wonders yet a land without architects.

At Hajjira, up in the central highlands, the houses, six or seven storeys high, soar into the firmament above terraced hillsides where every inch of ground has been cultivated. The top floor of each house is the men's domain, the *mafraj*, where qat, a leaf chewed for its mildly euphoric properties, is consumed in the afternoons.

The houses in the Yemen vary, some being built of stone, some of mud and straw, but nowhere do they fail to impress as architecture fully in harmony with its environment. Lime is used to decorate the window outlines, while every house incorporates stained glass lattice windows to let beautiful light textures into the rooms. It is in the highlands — at Mannakha, Kawkaban, Jibla and Hajja — that the most spectacular buildings are to be seen.

Sana'a, the capital, lying in a flat plain at 8,000 ft and surrounded by mountain peaks, still has the feeling of an old city.

Modernity has encroached on the outskirts, but once you pass through the Bab al Yaman, the main city gate, all that is left behind. In the national museum, housed in a palace, two giant bronze figures greet you as you walk through the main door. Discovered only five years ago, no-one yet knows who made them or where they come from.

In complete contrast is the palace of the former Imam Ahmad at Taiz in the south of the country. According to the guides, the building is just as it was after the Imam died in 1962. There is one enormous room full of bottles of eau de Cologne, another with glass cases showing off dozens of watches, many of them identical and still in their original boxes. One room has a display of hundreds of fountain pens, presumably the gifts of ambassadors. Sets of Parkers and Montblancs lie in casual disorder, above racks of binoculars, swords and hunting rifles.

Everywhere there seem to be large '50s-style wirelesses placed next to odd bits of furniture, including a massive vibrating electric bed. Glass-fronted cupboards contain hundreds of pairs of shoes or shirts or jackets, all gently rotting. On the walls photographs of the Imam's enemies being publicly executed vie for attention with odd pictures ripped out of newspapers, including one of Siamese twins.

Yemen is one of the few remaining examples of a large-scale traditional society. It has not yet lost its past. Geography and the jealously guarded independence of the tribes will ensure that despite the oil money now flowing in, things will not change quickly.

Only 40 years ago Freya Stark, travelling through the Yemen, commented on the complete absence of the wheel. Now, money earned in the Gulf means that many villagers own a vehicle. Large numbers of Toyotas and Peugeots have arrived in the last five years. But it will be some time before a road arrives in most villages.

■ You can choose to visit the Yemen either as an independent tourist or, as I did, with a group. If you have a month or more, go on your own. Otherwise, a tour is probably the best and cheapest way to see the country. The best hotels are good, although "international" in flavour. Most of the tour groups go at the beginning or the end of the year when the summer heat has passed but the rains are scanty.

Several specialist tour companies organise trips to North Yemen. Information about tours and visits can be obtained from Yemen Airways, 52 Stratton Street, London W1X 5FF, Tel: 01-491-7186. Tours from Britain start at around £1,500 for 12 days.

TRAVEL

The lure of the limpid lake

WAS COUNT Ferdinand von Zeppelin born in the Zeppelin bar of the Steigenberger Insel Hotel on Lake Constance? Daft though the idea sounds, he might well have been. What is certain is that the great airship pioneer entered the world in this former Dominican monastery in the town of Konstanz in 1838. Converted into a calico-printing works by the Zeppelin family in the 18th century, it became a hotel in 1875. Its terrace offers incomparable views across the remarkably clean waters of the lake to the Swiss shore on the far side.

Perhaps because it is shared by three countries, Lake Constance (Bodensee to German-speaking countries) tends to be overlooked in many tourist itineraries. Its northern and western shores belong to West Germany, much of the southern shore to Switzerland and a good toehold in the east to Austria. A large proportion of the lakeside is accessible to the public.

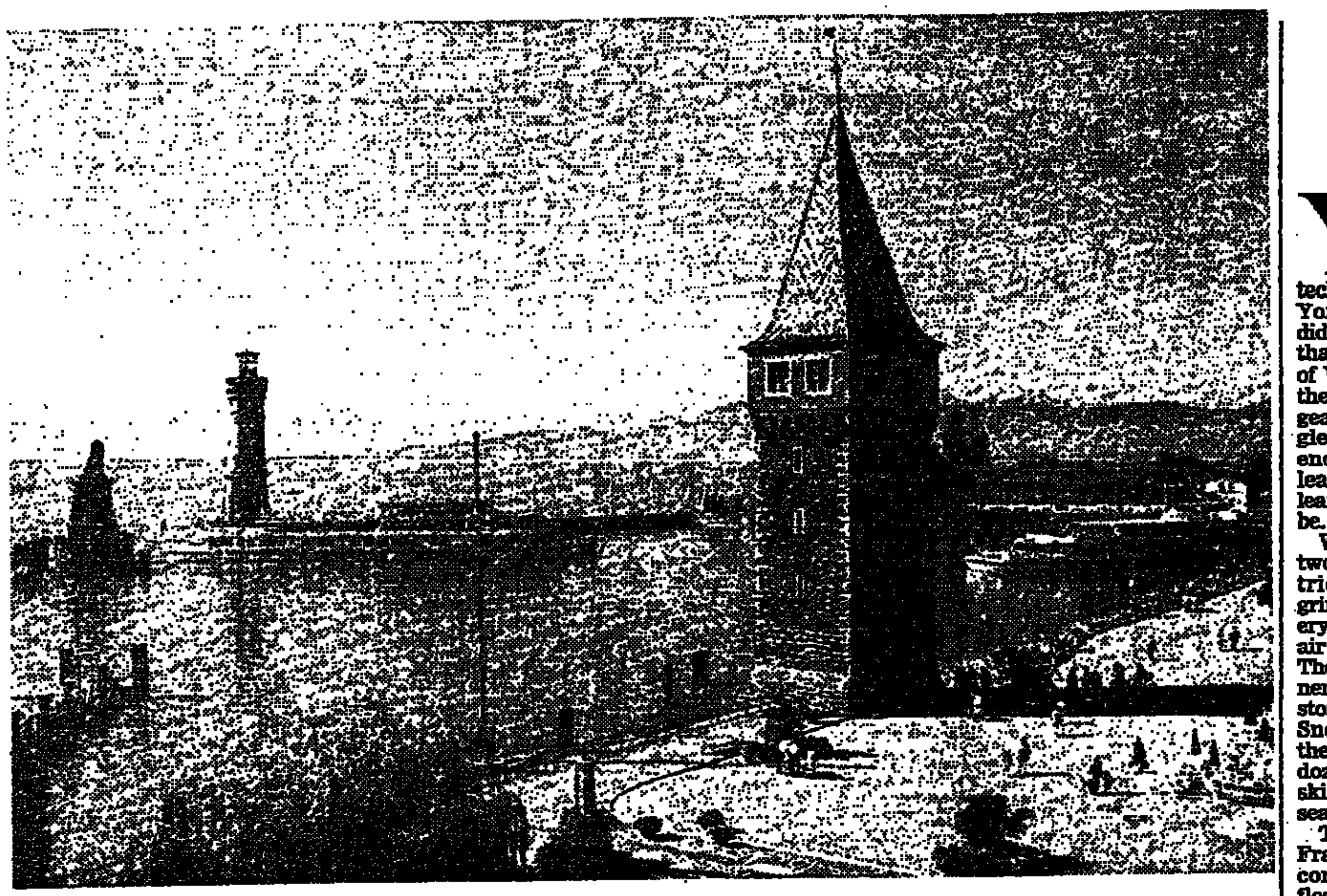
The main Swiss town is St Gallen; on the Austrian side it is Bregenz, but I stuck to the much larger German sectors. Much the easiest and quickest way to get there from London is by Lufthansa to Friedrichshafen, right on the lake, with one change at Stuttgart.

There are two equally good ways of touring the region. One is to concentrate on the lake itself and to explore the areas close to the shore, regardless of international frontiers. The other is to choose a limited stretch of lakeside and concentrate on a deeper wedge of its hinterland. I tried the latter and on the whole found it more rewarding.

North of the lake is a pleasantly rolling landscape of pastures, orchards and forest, dotted with beautifully kept historic towns and villages. If, like me, you are keen on half-timbering, then you will be in your element, but there is an ample supply of Baroque splendours, rococo curlicues, even Romanesque.

The appeal of a meandering, stress-free break has tempted many Mercedes and BMW drivers to switch to two wheels: Velotours of Konstanz has hit a chord with the newly health-conscious by taking the chore out of cycling tours. Luggage is transported ahead. If you run late, drink too much or just run out of steam, a phone call brings a minibus to transport you (with bike) to your next hotel.

Konstanz still has three of its 20 13th century towers, while the crypt of the minster still houses huge copper discs (no patina, please) adorned with 900-year-old Romanesque figures that were once hung on the church tower to guide fishermen back to port.



This tower, the Mangturm, at Lindau, sits on the edge of Lake Constance, a remnant of the 13th century

My route took me by road from Stuttgart, and I spent a whole day wandering through Swabia to reach the lake. Tubingen was the first stop. In summer, you are likely to be regaled there by the sight of students punting Oxbridge fashion on the River Neckar.

Geoffrey Weston explores the towns around Lake Constance, a beauty spot surprisingly overlooked by many tourist itineraries

At the highest point of the town a swashbuckling Renaissance gateway leads into a ducal castle. Over the portal is carved the motto of England's Order of the Garter, offered to Duke Friedrich by an English legation but overlooked when he later visited England. His zeal in going all the way back to collect it was lampooned by Shakespeare in *The Merrie Wives of Windsor*.

Farther south is the mighty seat of the kings of Prussia, Hohenzollern Castle. A cross between Neuschwanstein and Balmoral, it is notable for its stupendous views, the unworn crown of the Prussian kings and the embalmed body of Frederick the Great, lying cosily in a lead coffin in the chapel.

Of the lakeside towns, Uberlingen has always been much loved by its inhabitants. Its public gardens are so well tended that a famous collection of 3,000 giant cacti is uprooted and kept under cover each winter. The citizens spent 200 years digging a deep defensive ditch through the limestone on the town's landward side, which apparently helped it to thrive.

It is impossible to pick one or even two centres that stand above the others. Meersburg makes the best local wine – a dry Muller-Thurgau – and has a seventh century castle with a splendid Baroque palace as an annexe. I liked the painting of the hand being severed that was hung at the end of the drawbridge when foes were afoot.

I liked even more the bakery in Lindau, which has been turning out loaves since 1386. If, in the Middle Ages, the bread did not conform to a statutory basket measurement, then the hapless baker would be taken to the Basket Tower and dunked in a sewer.

By chance, one part of this much-timbered town breaks out into a rash of late Baroque. The reason was that a dozy alchemist, trying to make gold in 1720, knocked over a cauldron of boiling metal. The fire that followed was fought not only with water but with wine from barrels burst by the heat and with wet animal skins that were being prepared by local tanners. Even so, 46 medieval houses and a church were destroyed.

Two islands should certainly not be missed. How many know that Reichenau was once a major centre of European civilisation? Its spacious 8th century minster, once a great seat of learning, is matched by the astonishing 10th century wall paintings of St George's church. Reichenau's spiritual output is now surpassed by its production of fruit and vegetables, of which it has been a major supplier for centuries.

Even if you are no gardener, do not miss the other island – Mainau. There are no vegetables here, just wonderful trees, shrubs and, above all, flowers. Owned by Count Lennart Bernadotte, uncle of the King of Sweden and a pioneering environmentalist, it delights the eye at all seasons. The exotic subtropical blooms are a reminder of just how mild the lake's climate can be.

The word "minster" seems to crop up a lot around Lake Constance. There are so many of these ancient establishments that I am sure you could enjoy an after-dinner minster every day.

Skiing

Cold comfort peaks

YOU CANNOT look cool in a tweed trilby, camel-hair overcoat and high-tech scarlet ski boots. But the Yorkshireman wearing them did not care. Nor did he mind that the chic French ski resort of Val d'Isère, where he was in the process of renting his ski gear, had no real snow. A single artificial piste should be enough for a first-timer to learn. He was minutes from learning how wrong he could be.

With a sheepish glance at his two identically dressed compatriots, the Yorkshiremen grinned, remoulding the tracery of veins that the freezing air had brought to his cheeks. The trio clutched their beginners' skis to their breasts and stomped unsteadily out of the Snow Fun hire shop toward the concrete chalets and bulldozed meadows of a modern ski resort at the start of the season.

This is the Tarentaise, France's Costa del Snow. It consists of a dozen fully-fledged resorts on a series of winding cul-de-sacs that branch from the route between Albertville, the site for the 1992 Winter Olympics, and Europe's highest pass at Iseran on the Italian border. There are 150,000 beds in the resorts of the Tarentaise. The button lifts, T-bars, chairs, gondolas and cable cars can haul 430,000 people up the mountains each hour. The return journey is via any of 850 marked pistes.

Little more than fantasy, of course. In the early weeks of this season only one or two runs were open at Val d'Isère. At Tignes the half dozen slopes, at around 3,000 metres, were cold enough to freeze spittle on a Spaniard's moustache. (Five thousand Spaniards had come to a muddy Tarentaise while two metres of snow fell in Spain). There was a little skiing at Courchevel, thanks to artificial ski cannons. And that was it.

This is no fun for beginners. The snow machines laid their solid strip of squeaky whiteness against the brown mountainside at Val d'Isère. But the run quickly turned icy and was tough going even for intermediates. The entourage of Yorkshiremen exchanged regional costume for fluorescent primaries, but still skied like newborn calves. Their only solace was that the new red anoraks and bobble hats provided a measure of anonymity.

This is the second consecutive season of poor snow in the Alps. Undeterred, tour operators continue to charter wide-bodied Boeings to shuttle between Gatwick and Geneva. The coach transfer takes between three and eight hours, depending on destination – Valmorel is closest and Val d'Isère furthest – and traffic.

The Brits fit uncannily into stereotypes. Clumps of "which stewardess d'ya fancy" young men rub shoulders with weatherbeaten fitness poseurs searching for their lost youth. They tolerate the privations of the journey because just one thing matters to them and the Home Counties blondes, the honeymooning couples and to you, who simply booked the wrong week. It is that moment when you swoop through spruce woods, under a pacific sky and tame that peak. Your legs pump rhythmically, dipping and diving over bumps and jumps. The clean, chill air whips past, battling with hot blood for control of your face. You rush to a fountainous, panting halt. Around you boys and girls of all ages eye each others' physicality. Their cheeks glow, their eyes flash and their gaudy jumpsuits seem to conceal the bodies of 19-year-olds.

Daniel Green finds more people than snowflakes in the Alps

What sex there is in such a place is not on the slopes. Night falls early in the valleys. Under a marquee moon, couples drink their *vin chaud* and retire. The darkness belongs to marauding clans of singles fired with their conquest of the mountains. Val d'Isère has the best nightlife in the Tarentaise, although that is not saying much, and they descend on Dick's Tea Bar, complete with laser show disco, or Playbach where miniskirted Canadians serve their British clientele with beer at £3 a pint and cocktails for £7 each. The sound system pounds out infallible 1970s soul music. Few are on the slopes at 9am.

The British invention of the chalet party has secured its niche in the mass marketing of a once exclusive pastime. Theoretically the chalet combines the cosiness of self-catering accommodation with the convenience of having someone else to cook and clean. It survives in a world of packages perhaps because its occupants want to forget the the battery farming techniques of their tour operator.

In a year of good snow, the size and good organisation of the Tarentaise skiing area wins the hearts of ski addicts. France has created a monster of an industry with a Germanic efficiency. A motorway is being built through the mountains in preparation for the 1992 Winter Olympics. It is a spectacular piece of engineering and has already alleviated the appalling traffic *bouchon* at Moutiers through which Tarentaise traffic funnels. The mass exploitation of *l'or blanc*, when it falls, will continue.

■ One or two British tour operators offer a week-long nine valleys voyage across the Tarentaise, snow permitting. Start in the smallest and westernmost resort of Valmorel. Go off-piste to Les Menuires, an estate of cramped self-catering apartments and Club Med dormitories. Zig-zag up the valley to Val Thorens, at 2,300m, the highest resort in Europe. These two are part of the *Trois Vallées* integrated ski lift system – it takes just a morning to glide over to Méribel. On the same ticket ski to high-fashion Courchevel. There you hop on a bus for the short journey to the village of Champagny where a chair lift takes you to the top of Roche de Mio where a dozen runs drop to the efficient if anonymous La Plagne. Then it is off-piste once more to Les Arcs, a gleaming architectural fantasy. A cable car links Les Arcs with the town of Bourg St Maurice, and a second bus will take you to Tignes. Tear yourself away from this ski-obsessed settlement and choose your route over to La Daille, at the bottom end of Val d'Isère. At the top, lifts to Col Fornet allow the foolhardy to run off-piste to within a snowball's throw of Italy – although the only way back is on foot.

COLLECTING

Life beyond hollyhocks

Watercolours are coming back in fashion, says ***Antony Thorncroft***

WATERCOLOURS have finally come in from the cold. Despite the fact that some of the greatest artists of recent centuries, from Turner to Picasso, have worked extensively in watercolour, the art form was always tinged with the taint of amateurism. For decades the art establishment regarded the creation of watercolours as a genteel recreation for ladies, (a 19th therapy that died hard), and the fact that over 80 per cent of today's Sunday artists use the medium has also deterred the professionals.

All that is changing. There are now more collectors of watercolours than ever before and serious contemporary artists are finding creative opportunities in the medium. Michael Spender of the Bankside Gallery in London, home of the Royal Watercolour Society and holders of the biggest stock of contemporary watercolours, reports that sales last year were 80 per cent higher than in 1988.

Some of the credit for the renewed interest can justifiably be claimed by the World of Drawings and Watercolours, a Fair held at the Park Lane Hotel in London for five days from January 24. Now in its fifth year, 50 galleries will be offering over 2,000 vetted works on paper, priced between £50 and £50,000. In its time the Fair has developed a more academic mien, keeping at bay some of the Victorian "jolly hollyhock" school of watercolours, the followers of Helen Allingham, devoting the space instead to serious work of the 18th and early 19th century, and to 20th century and contemporary artists.

Not that the late 19th century country cottage watercolourists should be entirely despised. It was the popular demand at auction for the work of Allingham, Birket Foster, the Stannard family, and the like, with prices touching £50,000 for the best examples of Allingham, which helped spark off the watercolour boom. Some collectors have matured their taste and gone on to more challenging themes while other potential buyers, deterred by the excessive prices paid, have found pleasure in the cheaper work of contemporary watercolourists.

The same is true for dealers. The Catto Gallery, for example, started by offering Victorian watercolours but now has a stable of working artists, such as Pamela Kay, Edward Piper, and Sheila Findlay, whose forthcoming shows will be previewed by works at the Fair. The market in watercolours has traditionally operated between serious collectors and informed dealers, and the soaring prices for Allingham and the like has sent all of them cultivating more reasonably-priced areas. For example, small watercolours by the big names of the early and mid 19th century, such as Peter de Wint and David Cox, can still be bought for £5,000 or so, although care must be taken — few artists signed their work and there was much copying.

Last year more than 1,000 watercolours and drawings changed hands at the Fair, enriching the dealers by over £1.5m. This year new exhibitors will be broadening the range. There is Peter Nahum with some of his top quality Pre-Raphaelites; Henry Potts has a group of architectural drawings by Antonio Visentini, who worked for the British Consul in Naples, Joseph Smith; Mark Fisher, ex-Colnaghi, is offering Lear and Rowlandson but also 20th century artists like Nevinson; while Duncan Miller is selling Scottish artists, such as the Colourists Cadell and Fergusson and later northern names such as Anne Redpath.

Last year the Redfern Gallery devoted its stand to one artist, Patrick Proctor, and sold 10 works. This year Michael Rothenstein gets the treatment. Waterhouse & Dodd hopes to catch the attention by offering French pastels and watercolours: the Fair has a rather a home grown bias, with Sven Bruntjen of California the only overseas participant. In the flood of new fairs the World of Drawings and Watercolours has laid down strong roots. It is perhaps weakest in the output of the almost forgotten watercolourists of the first half of the 20th century, the likes of Henry Rushbury and Thomas Hennell, whose work can still be acquired for around £500.

The most encouraging feature from the serious appreciation of watercolours is the concentration of leading British artists in the medium. Elizabeth Blackadder abandoned oils for watercolours; William Tillyer's landscapes are attracting international notice; Patrick Proctor, with portraits and abstracts; David Renfry; Ken Howard; Tom Phillips, to say nothing of David Hockney and Howard Hodgkin, are just some leading artists working in watercolours and available at reasonable prices.

Matthew Flowers of Flowers East enjoys the directness of the medium, and, since watercolours are usually priced at less than half the level of an artist's work in oils, they offer good value.

His gallery will be showing watercolours by Michael Rothenstein, (again), as well as by Graham Dean and Derek Hurst at Art 90, another new Fair which seems to have established itself and which opens at the Business Design Centre in Islington on February 1 for four days.

This will provide an antidote to the Park Lane, with the 30-odd galleries which have taken space offering the output of more than 200 contemporary artists. After the delicate brushwork of a Regency watercolourist the figurative sculptures of Mike Gorman, typically depicting an Asian woman in Bradford, for example, at the Nicholas Treadwell Gallery, will come as a cultural shock.

Among other exhibitors are the Scottish Gallery, which has commissioned its artists to prepare new work for the show under the theme "Aspects of London" and the Francis Graham Dixon Gallery, which quickly sold out artist Bryan Ingham's large abstracts last year and will offer some more. Then there is the Thumb Gallery, which includes Harry Holland with his paintings of empty cardboard boxes, while another leading Scottish Gallery, 369, a newcomer to the fair, will be showing paintings by Caroline McNairn, Andrew Williams and Alan Watson, among others.

Nude amongst potted plants (watercolour, Edward Piper, 1938—)

The East through Western eyes

Susan Moore *views a remarkable pictorial archive, on show at the Victoria & Albert, recording the fact and fantasies of the Orient*

THE Orient might almost be a European invention. Since antiquity, the Western imagination has — largely of its own confection — been beguiled and nourished by a perception of the romance and exoticism of the East. One of the most remarkable pictorial archives recording the fact and the fantasies of the Orient as seen through Occidental eyes (more than 700 pairs, in fact) was amassed over the past 20 years by Rodney Searight, an oil executive who lived and worked in the Middle East.

His collection was acquired by London's Victoria & Albert museum in 1985. An exhibition at the museum this month (until February 25) marks the completion of its catalogueing and the publication of a book of selected works, both funded by Shell.

Do not expect to find large, academic *tours-de-force* by the Daniells, David Roberts or Delacroix. The value as a study collection of this holding of often modest water-colours, drawings and prints is its breadth. Geographically, its boundaries reach from the Balkans to Arabia, and north Africa to Persia and Afghanistan. Its subject matter reflects the interests of all who travelled to the Islamic world over four centuries: merchants, scientists, archaeologists, artists — and the merely curious.

It embraces the gouaches of an unidentified Venetian who went to Cairo around 1560, and the work of the war artists in Mesopotamia earlier this century; but the artists of the 18th and 19th centuries predominate. Those of the calibre of J.F. Lewis, Lear and Roberts are represented, but the peculiar character and charm of the collection rests on the wealth of drawings by lesser lights and amateurs. Presumably, water-colours such as Charlotte Inglefield's *Fez Makers at Tunis*, the anonymous gouache of a Feneriote family in Constantinople, or Vigne's portrait of the notorious Abdul Samut Khan, give us our most accurate depictions of character, costume, custom and life.

The systematic study of the Near and Middle East by the French and the English began in the 18th century. A print after Gavin Hamilton portrays the moment when Robert Wood and James Dawkins, attired symbolically in togas, catch their first portentous sight of Palmyra in 1751; their archaeological surveys on Palmyra and Baalbek were to stimulate the revival of Classical architecture in Europe.

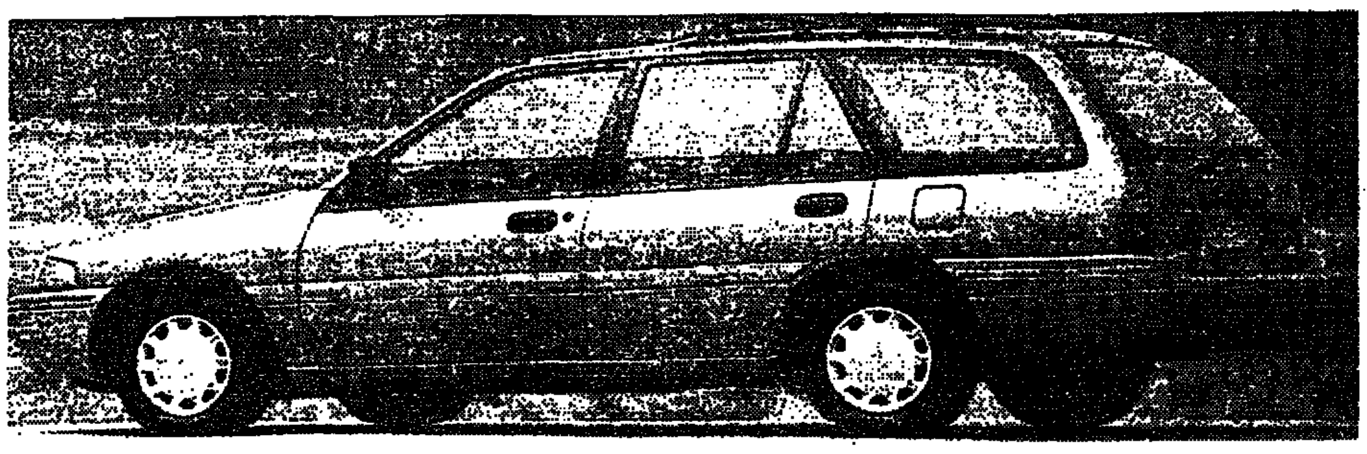
A water-colour by an eminent Egyptologist, Baron Denon, who accompanied Napoleon to Egypt in 1798, shows a group of *savants* measuring the height of Pompey's Column by flying a kite. A Nottingham artist, Frederick Cooper, records what was so often the subsequent fate for such antiquities — floating down-river on a raft buoyed-up by hundreds of inflated goat and sheep skins en route to the British Museum or Louvre.

The expansiveness of desert terrain is conveyed in Luigi Mayer's arresting panorama from the summit of the Great Pyramid at Giza. Cairo's suffused pink light is recreated miraculously by David Roberts. Interiors are equally spectacular. Werner suggests the opulence of the Dome of the Rock in Jerusalem, and Richard Phené Spiers the grandeur of the cavernous Great Khan at Damascus.

This whistle-stop tour is not without occasional touches of humour. Uncomfortably close to home is William Simpson's *Heliopolis — As It Is.* Here, a group (one supposes) of Thomas Cook customers gallop onward furiously, so eager to arrive at the next site that they fail to notice the obelisk of On they are passing. That is one view of life in the Near and Middle East not to change since 1878.

MOTORING/GARDENING

This is the new, 1991 model Ford Escort, unveiled at Detroit last week. However, it is for the US market and will not be seen in Britain. The UK's new Escort, due out soon, will show a family likeness even though it was designed and engineered in Europe for European tastes. The American Escort will be available as three-door and five-door hatchbacks and a four-door estate car (pictured). A GT three-door follows. All have 1.8 or 1.9 litre engines. A five-speed gearbox is standard, a four-speed automatic transmission optional



They like their cars big in Detroit

***Stuart Marshall** takes the trail to the US international auto show*

THE US car industry is going through a bad patch at the moment but a visitor to Detroit this week would not have known it. Car sales tumbled in the last year by more than 6 per cent. Surprisingly, 1989's best selling model was the Honda Accord, though admittedly most of the 363,000-odd that were bought by US motorists had been built at Honda's assembly plant in Marysville, Ohio. Many car factories are on short time and dealers are shifting bloated stocks only by offering huge discounts.

But this week Detroit has been *en fete* for the North American International Auto Show, and the glitter and razzamatazz has pushed the gloom into the background – for a few days at any rate.

Curiously, for the world's largest car producing nation, the US has never had a proper international motor show like those held in Frankfurt and Tokyo, Geneva, Paris, Turin and Birmingham. There have been around 40 local US shows but nothing to rival the European or Japanese events until last year. Then, the local Detroit show decided to go international, setting the scene for this year's exhibition.

Cobo Hall, where the show is held, is a magnificent new building on the riverside. You only see the dereliction and disrepair of old downtown Detroit when you take the people-mover. This is a computer controlled, driverless train which weaves its way quietly at third floor level between office blocks and shopping centres, some of which have their own stations. It is clean, cheap, and the two-car trains run every couple of minutes from early morning to late at night. One day all major city centres may have similar transport systems instead of being jam-packed with cars.

Alighting from the people-mover – Cobo Hall has its own station – one saw a typical international motor show, with the difference that it provided an unrivalled opportunity to inspect all the latest American cars. We see few current model US-made cars on mainland Europe, fewer still in Britain, because it seems not to have occurred to the US industry to make them easily convertible to right hand drive.

However, it is impossible to talk of a typical American car any more, for there is no such thing. Only a decade ago the average US product was large, had a V8 or six-cylinder engine of anything up to five litres capacity, soft but primitive suspension, ultra-light steering and no roadholding or handling to speak of.

Well, this old-type car is still alive and well. Some of the exhibits (like monstrous estate cars with flanks covered in woodgrain self-adhesive plastic) smacked of the 1970s more than the '90s. For example, General Motors Chevrolet division's latest car, the Caprice, made its debut at the show. It is big, looks sleekly modern, but has mechanicals little changed from those of the old Caprice, dating back to 1977.

Buyers, most of whom will never see 60 again, told GM it could update the Caprice's styling if it must, but had better not make too many other changes if it wished to retain their custom. So the fascia of the new Caprice still has a speedometer looking like the tuning scale of a pre-war wireless set and reading only as far as 80 mph (130 kmh). Although the five-litre V8 engined Caprice is said to be good for nearly 120 mph (193 kmh), research showed that putting such a figure on the dial would worry typical buyers.

Remarkably, the magazine *Motor Trend* chose as its US car of the year a product that by European standards is a technological antique. It was the Lincoln (that is, the poshest Ford marque) Town Car.

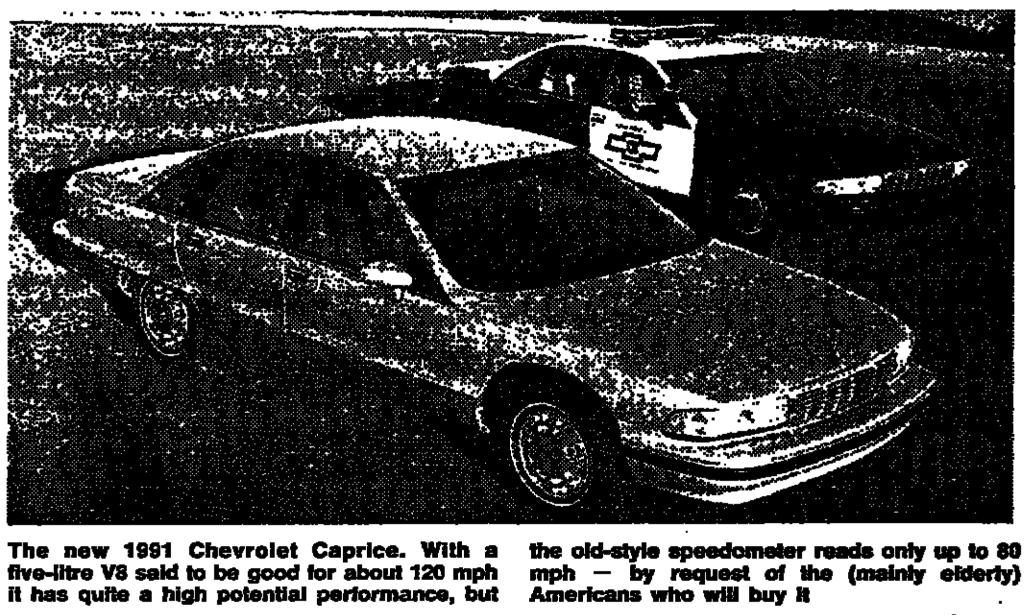
Again, it is big and has a five-litre V8 with push-rod operated overhead valves. This massive engine puts out only 160 horsepower at a mere 3,400 rpm. By contrast, Ford of Europe's latest highly efficient double overhead camshaft two-litre as used in the Sierra and Granada develops 125 horsepower.

The Lincoln has non-independent rear suspension and weighs a shade more than two tonnes. It manages a highway fuel consumption of 24 miles per US gallon (20 mpg Imperial or 14 l/100 km) because of high gearing and in spite of having the aerodynamic efficiency of Windsor Castle.

At the other extreme are some modestly-sized and elegantly-styled cars such as the 1990 Buick Reatta (a new convertible version was on show), the Mercury Capri and Ford Escort.

Most confusingly, many of the cars one thinks are all-American turn out to be anything but. For example, the Dodge Stealth, a glamorous, high-performance coupe, has Mitsubishi mechanicals, including a 280 horsepower, 24-valve, three-litre V6 engine, with a Chrysler designed and made body on top. And a range of Geo sports utilities, saloons and convertibles turned out to be rebadged Suzukis.

Trends at Detroit show? The most obvious one was the increasing popularity of people carriers, seven-seat "one box" cars inspired by the Renault Espace. Most manufacturers had them on display. They provide as much passenger room as a massive limousine but take up no more road space than a mid-sized family saloon. All passengers face forward.



The new 1991 Chevrolet Caprice. With a five-litre V8 said to be good for about 120 mph it has quite a high potential performance, but the old-style speedometer reads only up to 80 mph — by request of the (mainly elderly) Americans who will buy it

The price is (about) right

EVEN without discounts, which everyone expects and gets, cars are cheap (by British standards) in the US.

Every car has a "sticker price." This is the figure on a sheet of paper literally stuck on the car's window and removed by the purchaser. Apart from the manufacturer's suggested retail price, it lists all standard and optional equipment and gives the probable fuel consumption in city and open road conditions. Customers are advised to negotiate up from the price at which the car is invoiced to the dealer, not down from the sticker price.

Invoice prices are published in a buyer's guide called *The Car Book*, and in *New Car Prices*, both on sale to anyone, or from the Consumer Reports organisation. For a modest fee (US$11 for one report, $20 for two, $7 for each additional one) CR tells how much the car and factory-installed options cost the dealer and gives its own recommendations on what extras are worth having.

Tips for maximising value when buying any car include:

■ Don't set out with a single car in mind; have two or three alternatives. Then you can keep a negotiating edge by walking away from a deal.

■ Don't even talk prices on your first visit to a dealer. Just compare models and test several of the cars, making sure you park them as well as driving them.

■ Decide which options you want and don't be talked into a lot of unnecessary extras. Bear in mind you that will get an even better deal if you take a car the dealer has in stock and which he may be keen to shift.

A final word of advice from motoring columnist Kitty McKinsey, writing in Motown's own daily, the *Detroit Free Press*: Quoting Jack Gillis, author of *The Car Book*, she says that unless you are talking about a hot, hard-to-get car, forget the sticker price. A dealer may offer $1,000 off it, or a $1,500 rebate, but there could still be another $1,500 to be negotiated off. They know how to bargain in the US.

S M

Chess

INEXPERIENCED players often are unsure of the exact rule about what happens when a pawn advances all the way to the top or bottom of the board. One common belief among novices is that such a pawn has to be promoted to a queen whereas there actually is a choice between queen, rook, bishop or knight.

Although it usually is best to select the queen, the strongest available piece, there are occasional freak situations where it pays to exchange the pawn for a knight if this piece gives a vital check, or for a rook or bishop if this avoids stalemate.

Other beginners and some social players believe it is possible to have only a single queen in one's army. In fact, there is no limit to the number of queens simultaneously in action; theoretically, it is conceivable for a player to queen all his pawns and continue with nine queens. The practical play record seems to be a five-queen game (although not the one which the late world champion, Alekhine, claimed to have won against Grigoriev but which research proved to be only analysis). Upturned rooks are the standard substitute for a queen if you have only one set of chess pieces available.

Games where a pawn queens early are distinctly unusual between strong opponents. A variation of the Albin Counter Gambit includes the quickest realistic example of pawn promotion, and it also illustrates my earlier comment that there can be circumstances where it is appropriate to choose a different piece than a queen.

Play goes 1 d4 d5 2 c4 e5 3 dxe5 d4 4 e3 (correct is 4 Nf3 or 4 e4) Bb4+ 5 Bd2 dxe3 6 Bxb4? (White should prefer 6 fxe3, with an inferior position but no forced loss) exf2+ 7 Ke2 and now 7 ... fxg1Q? would yield little after 8 Qxd8+ Kxd8 9 Rxg1, but Black has the clever 7 ... fxg1N+! when 8 Rxg1 loses the queen to Bg4+ while if 8 Ke1 Qh4+ and Black remains a piece ahead.

Perhaps the fastest, and certainly the most dramatic, example of early promotion in grandmaster chess is this brilliant miniature.

White: B. Larsen.
Black: B. Spassky.
Larsen Opening (USSR v. World 1970).

1 b3 e5 2 Bb2 Nc6 3 c4 Nf6 4 Nf3? (better 4 e3) e4 5 Nd4 Bc5 6 Nxc6 dxc6 7 e3 Bf5 8 Qc2 Qe7 9 Be2 O-O-O 10 f4? Ng4!

Black threatens Qh4, while White's backward d pawn breaks communications between the left and right flanks of his army.

11 g3 h5 12 h3 (if 12 Nc3 Rxd2! 13 Qxd2 Bxe3 is a winning attack) h4! 13 hxg4 hxg3 14 Rg1 Rh1! 15 Rxh1 g2 16 Rf1 (White is rook and knight ahead, but has no defence. If 16 Rg1 Qh4+ 17 Kd1 Qh1 wins) Qh4+ 17 Kd1 gxf1Q+ 18 Resigns.

Spassky has aimed for this decisive pawn promotion. If 18 Bxf1 Bxg4+ when if 19 Be2 Qh1 mate or 19 Kc1 Qe1+ and mate next move.

The second game could be a unique example from practical chess of what problemists call the Excelsior theme (after Longfellow's poem) where a pawn advances from its second to its eighth rank in the minimum five moves. That Black resigns before the pawn ends its journey should not detract from the feat.

White: V. Jansa.
Black: J. Adamski.
Sicilian Defence (Hungary 1970).

1 e4 c5 2 Nf3 e6 3 d4 cxd4 4 Nxd4 a6 5 Nc3 d6 6 Bc4 b5 7 Bb3 Bb7 8 O-O Nd7?

Black should play Nf6. Instead, he allows a classic Sicilian sacrifice which allows the white knight to dominate the game from e6.

9 Bxe6! fxe6 10 Nxe6 Qb6 11 Nd5 Bxd5 12 exd5 Ngf6 13 Qe2 Ne5 14 Be3 Qb7 15 Bd4 Kf7 16 f4 Qxd5 17 fxe5 Qxe6?

Missing White's reply. 17 . . . dxe5 is more tenacious.

18 exf6! Resigns.

If Qxd1 19 fxg7+ Kg6 20 gxh8Q completes the pawn's Excelsior journey.

Leonard Barden

What's in a name?

. . . a deal of confusion, says ***Robin Lane Fox***

MANY GARDENERS feel that the worst things in gardening are the weeds and the second worst are the names. It is not just that some of the names are ridiculous – can you really be serious about a Hosta called Zounds or an ivy called Itsy Bitsy? It is not even that you never know when to print them in capitals, put them in inverted commas or print one bit in capitals and the other in italics. It is not even that they are unpronounceable and awfully hard to remember. It is that even the experts cannot agree what they are or stay with them when they have briefly decided on a truce.

This new gardening year begins with new hope for label-writers, catalogue-hunters and gardeners whose senile amnesia has started early. The names of garden plants have been classified and organised in the most scholarly manner. I have been waiting until these dark evenings to turn over the pages of the new research and correct my appalling muddles in families such as Cistus, where I leave out the "x" before the lovely maroon-blotched Cistus X Cyprius, or never give 'Snow White' single quotation marks when approving her as a very hardy variety for ill-favoured gardens. In 1990, we can all use the results of thorough work which will help us to name plants correctly in any spare moments.

The only trouble is that there are *two* works, both meticulously planned and both winners of my ultimate award for enterprise in a gardening book because they have cut out general publishers and arranged their own production and distribution.

Since I last wrote about it I have been swamped with inquiries about *The Plant Finder*. It is the brainchild of Chris Philip, is published by Headmain for the Hardy Plant Society, and is distributed by Moorland Publishing of Moor Farm Road, Airfield Estate, Ashbourne, Derbyshire. In paperback, it costs £8.95.

It is also *the* essential garden book for the late 20th century. It points out that plant names are ending the millenium in chaos. While writing, the author came to realise that "perhaps as many as 40 per cent of the plants to be listed" had been current under the wrong name. When I read his marvellous guide to their whereabouts, his asterisks for defunct names and his corrections of nurserymen's duplicates, incomplete Latin and plain errors, I trust him and feel like a Crusader armed with a new light sabre.

Then, I look sideways to the admirable Piers Trehane, whose *Index Hortensis* appeared last summer. It is beautifully produced, self-published and only the first of several volumes, confining itself to perennials. The hardback costs £25; it is published by Quarterjack Publishing at Hampreston Manor, Wimborne, Dorset DH21 7LX, and it is essential, in my view, for any serious gardener, collector or label-printer for a nursery, botanic garden or a garden open to the public.

The Plant Finder lists 40,000 plants and tells you where to buy them in the UK; *Index Hortensis* lists the names for "today's perennials" and is based on 2,800 nursery catalogues from North Europe over the years from 1984 to 1987. Do

not be so naive as to expect the two books to agree. Trehane already warns you that his names differ from *The Plant Finder* and as he is the new Adam of this branch of gardening, it is his names, I think, which we will end up by trusting.

Suppose you like growing something innocent, Geums perhaps, not long-lived plants but a family which I like to have coming on yearly from seed and which go so prettily with blue Anchusas in the June border. Trehane lists 42 different varieties, as we would call them: *The Plant Finder* lists 29 and four further varieties which it considers to be circulating under obsolete names. Ten of *The Plant Finder's* 33 do not overlap with Trehane's 42; of these, *The Plant Finder* lists two species which Trehane omits and several garden varieties which he does not recognise.

Whatever has been going on? Neither author is being anything other than honest, thorough and high principled, but *The Plant Finder* is a consumer guide to what is on offer in the market place: discrepancies between the various catalogues have forced its author to be revisionist and begin to indicate mistaken names. Possibly, he has been more generous in accepting the unofficial claims of a small nursery to have a distinct type of plant. Geum 'Leonard's Variety Double' does sound distinct and desirable, although Trehane omits it, perhaps because it is not official. His *Index Hortensis* is purely concerned with correct naming. It begins from nursery catalogues, but it is more ruthless and scientific because it is not a consumer handbook.

There is some mileage here for the Government. As we bump along to the 1990s with European plant names in a wonderful muddle, could we not usefully second Jacques Delors and his fellow EC enthusiasts into botany, and make all further areas of European unification conditional on prior agreement about a single market-name for the green economy first?

We already have two international codes to help them: the ICBN of Botanical Nomenclature is followed by botanists and scientists and the ICNCP (of Cultivated Plants) began on January 1 1959 and probably outlawed your old name for your grandfather's hardy carnations.

Trehane respects the ICNCP and its registration authorities for individual families: even so, he admits that he had learnt of another 200 names since going to press. My present pre-dinner pastime is to pit the *Index Hortensis* against *The Plant Finder* and to relish the dozens of pleasant-sounding nursery-varieties which the *Finder* locates and the *Index* ignores.

Personally, I gave up when the experts agreed on the grand name "cultivar." How can we seriously use that silly word for a cultivated variety, before which we have to print the letters "CV," as if they are applying for a job? It is a fearful crime, which I enjoy, to print a cultivar in double, not single, quotation-marks. If these new crusaders can tidy us up and agree to eliminate double identities, we will all be very grateful. Meanwhile, I like reading both of them, with a further pleasure on the horizon: Trehane is also compiling a Plant Finder of his own.

It was first announced in 1986 and will cover all known European sources of garden plant. Each volume of this vast enterprise will contain about 2,000 pages. I cannot wait to run wild in it, with my paperback *Plant Finder* in the other hand. How, though, has it been defining "Europe"? Since the enterprise started, that word, too, has acquired a wider commercial horizon.

Geranium Sensation

***Arthur Hellyer** enthuses about two new plants*

THE TWO new plants to raise from seed that interest me most this year are bedding geraniums. One is named Sensation and the other Multibloom. Both are claimed to produce greater numbers of flowers per plant than any previous variety, but their origins are completely different.

Sensation was raised in Norfolk by Floranova and is being introduced exclusively by Sutton Seeds of Torquay. I have been watching it for a year or so in its Norfolk home and have been impressed by the quantity of flower it has produced there. I have not yet grown it, but last year I grew another variety from the same breeder, named Breakaway, which resembles it but does not appear to be quite so prolific.

Like Sensation, it flowers quickly for a seed-raised geranium. My Breakaway plants were flowering by mid-summer from a mid-January sowing without any chemical treatment to hurry them along. The raisers are claiming 16 to 18 weeks from sowing to flowering for Sensation, which is probably a little faster than for Breakaway. However, the biggest difference would appear to be in the extra flower production, so marked that it is being described as a new type of bedding geranium to be called Multiflora.

It should be understood that this name has no botanical standing, but it seems appropriate as a garden description. Also it would appear that Sensation is genetically a new plant with genes from species other than Pelargonium zonale, the presumed parent of the familiar bedding geraniums. Certainly the raisers claim that several Pelargonium species have been used to produce Sensation, but no parentage has been disclosed. Nor is it likely to be, since raisers usually keep complete control of the parents of F1 hybrids.

Multibloom comes from the American plant breeder Goldsmith Seeds and is being introduced in Britain this year by several seed firms, including Unwins, Hitchin, Cambridge, Mr Fothergills Seeds, Kentford, Newmarket and Thompson and Morgan Ipswich. The seed has also been sold to commercial growers of pot and "pack" plants so Multibloom should be available fairly freely in garden centres in late Spring and early Summer. As far as I know Sensation will not, but small plants will be available in the Spring direct from Suttons Seeds.

To date I have only seen pictures of Multibloom, and it is impossible to tell from these precisely how it compares with Sensation. However, I suspect both are going to be popular. Sensation looks more unconventional in habit, a wide-spreading plant that will cover

quite a lot of ground and produce a great number of flowers. Individually, these are a little smaller and have petals a little more widely spaced than those of the old-style zonal Pelargoniums.

Its place will be in the garden not on the show bench, filling display beds, window boxes, and urns. It will certainly flower non-stop until checked by frost and is an F1 hybrid intended to be treated as a half-hardy annual, renewed from seed every year. It is a perennial which – in a frost-proof conservatory – could be retained for years with no change of habit or character. However, one would expect it to lose its initial seedling vigour little by little.

Multibloom looks more like an old-style bedding geranium except it has more flowers per plant. It appears to be more erect and less spreading in habit than Sensation, and its leaves have the typical zonal shape and look. I have heard no claim that other Pelargonium species have been used to develop it, simply that it represents a unique breakthrough in this type of bedding geranium.

Goldsmiths has so far released eight colours of Multibloom. Some are packeted separately, some in mixture. The eight are scarlet, scarlet and white, rich red, cerise, pink, salmon, lavender and white. Sensation has six colours to date, scarlet, cherry, salmon, rose, pink and blush. All are packeted together as a mixture. No doubt the colour range of both new varieties will be extended in time.

It could well be that Multibloom will be the first to catch the public imagination, because of its immediate availability this year in garden centres. I do not think that gardeners in general have yet caught on to the idea of raising their own geraniums from seed. In the past there have been too many difficulties, including some concerning germination and some due to the time required to produce flowering plants.

Both Sensation and Multibloom greatly reduce the last problem, since good results can be expected from sowings made during the last half of January and – with a little luck – for several weeks after that. It does need about 21°C (70°F) to germinate geranium seed, but other difficulties have been overcome by scarifying the seed to allow better water penetration and by pretreatment with a fungicide to prevent infection by disease.

Certainly the seeds of Geranium Breakaway, which gave me such good results last year, appear to germinate virtually 100 per cent and all within a few days of one another. The only problem was to find enough growing space in a suitable temperature for the seedlings until it was safe to plant them out in early June. It is surprising how big the plants can be by then, and I had to put up extra shelves in my little greenhouses and crowd them more than I would wish. It all worked out very well in the end, and I have now installed an undersoil electric cable to make more warm space available this spring. It is the cheapest and most efficient way of doing it.

How to avoid feeling car sick.

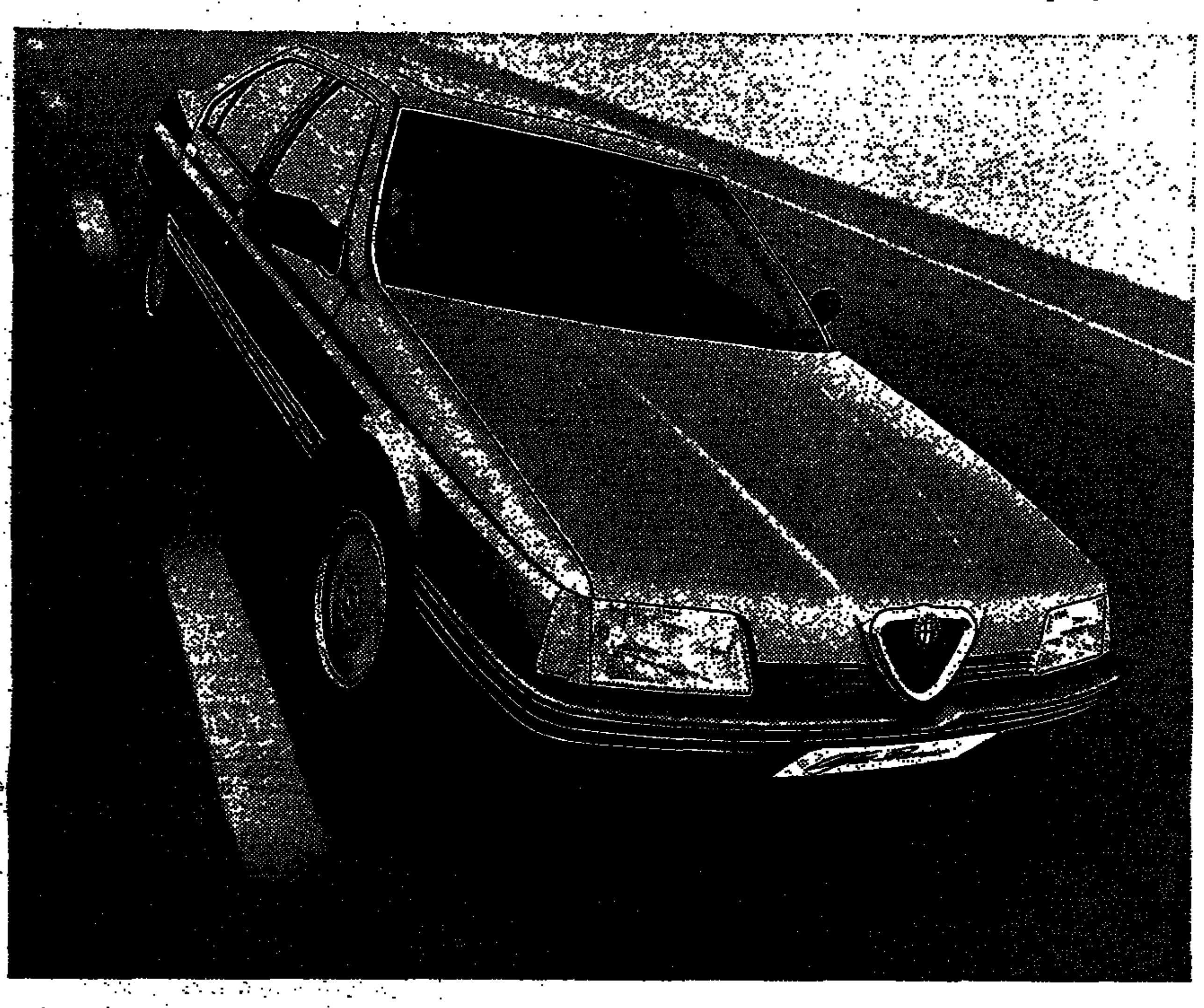
(Read this before you buy a £20,000 luxury saloon.)

If you are about to buy a £20,000 car, you should first read an article which appeared in July's Performance Car Magazine.

It set out to discover what real people thought of the cars on offer and it found that when offered say £20,000 to buy a company car, most people have already made their minds up on what they want, and "BMW are perceived to be the user/chooser executive choice."

BMW themselves admit that over half of the people who buy their cars do not take a test drive beforehand. The magazine's own research suggests the figure to be nearer 75%.

So 48 people who might be in the market



for a £20,000 saloon, were asked to place eight cars in order of preference and this was the result:

1.	BMW 525i SE
2.	Saab 9000 CD turbo
3.	Audi 90 Quattro
4.	Honda Legend
5.	Alfa Romeo 164 Lusso
6.	Ford Sierra Cosworth
7.	Jaguar XJ6 2.9
8.	Rover Vitesse

Nearly everyone put the BMW at the top of the list, in the same way that all but one put the Rover at the bottom.

Then came the acid test. A cross section of these people were then given all eight cars to test drive over a mixture of roads in one day.

Aged between 32 and 38, they were exactly the sort of people that manufacturers of this type of car desperately want to woo: an architect, a stockbroker, a property developer, a company director. In short, they were not the sort of people who minced words, and after the test, they were asked to re-assess their earlier list.

The results were very different. As the magazine said, "this wasn't just a victory for the Alfa, it was a walkover – with six of the eight drivers putting it first and the two that didn't putting it second."

Comments were all equally effusive. "At last, a real car. I want one now..."

1.	Alfa Romeo 164 Lusso
=2.	Saab 9000 CD turbo
=2.	Ford Sierra Cosworth
4.	BMW 525i SE
5.	Audi 90 Quattro
6.	Rover Vitesse
7.	Jaguar XJ6 2.9
8.	Honda Legend

No one talked about the Alfa's image. "They liked it as a car, not as a dinner party conversation piece." One person picked up on the engine's "intoxicating noise," while another simply called it "gorgeous."

(The 164's 3.0 litre V6 engine reaches 0-60 in 7.5 seconds and has a top speed of 143mph.)

Even the magazine thought the Alfa Romeo had the best engine and "subjectively, it just pips the BMW in the beauty stakes."

As far as the testers were concerned, the BMW was pipped into fourth place.

"Time and time again, the chaps climbed out of it saying it had done nothing to tickle their erogenous zones. Where they were expecting pizzazz, they were given humdrum. Where they were expecting excitement, they were given competence."

Feelings were summed up by the person who said, "Quite obviously a superb car in every way, except for two things. It needs more power and it is utterly boring."

All of the other cars received equally severe criticism. One person, climbing out of the Jaguar simply said "Well that's just a waste of a walnut tree."

The Rover, people thought, would "go down a bomb in Eastbourne," while the Ford Sierra Cosworth divided the testers between those who were enthusiastic about the engine and those who were put off by the badge.

"It's still a plastic Ford Sierra," said one.

"When driven in the wet, it serves as a constant and noisy reminder of one's own mortality," summed up another.

No one was wildly enthusiastic about the Audi 90 Quattro's engine, with one person saying it needs more guts.

Sadly, the Honda Legend suffered most. One tester said "it was like being in an old people's home," and "it should have stayed in Japan," while someone else said he'd "rather have a moped."

The magazine concluded that people's image of a car was often very different from the reality.

"People had conspicuously high hopes of the Audi (thanks to rallying), of the Honda (thanks to Formula One), and of the BMW (thanks to all sorts of things); but, at the end of the day, each of those products failed to live up to the picture the imagination had painted."

The Alfa Romeo 164 was judged and won largely on technical merit. (Hardly surprising, when you consider it offers ABS, air conditioning, a compact disc player and a 3-year unlimited mileage warranty for under £22,000.)

"This would be very good news..." observed Performance Car "... If only (Alfa Romeo) could get people to take test drives before making a decision." The moral of the story is obvious.

A little research into what your money can buy should prevent any car sickness in the future. Especially if you include in your test drive the new Alfa Romeo 164 automatic; a car which has also prompted rave reviews from motoring journalists.

For instance, the Mail on Sunday claimed that "the four-speed automatic is...one of the sweetest I have tested." While the Sunday Express found it to be "a joy to use under all conditions."

The most poetic reaction however, came from the Financial Times: "From a standstill to whatever speed one's conscience allowed, the automatic 164's power flowed as smoothly as double cream pouring on to strawberries."

For more information, complete the coupon and send it to Alfa Romeo (GB) Limited, FREEPOST, Poulton Close, Dover, Kent CT17 0HP, or phone (0304) 203396 (24 hours).

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PROPERTY

Turkish delights

Relax in comfort for under £200 a month, writes ***John Brennan***

WITH 8,000 kilometres of still largely unspoiled coastline, sea temperatures on its Mediterranean beaches that range from 18°C in January to 25°C in July, plus a three-fold increase in the number of package tour flights from northern Europe in the past five years, Turkey could hardly avoid being the "next" holiday property location.

More than 3½m tourists are expected to visit Turkey this year, 1m more than in 1987. These visitors discover apartments and villas at less than half the price of their equivalents in Spain. They also see local living costs which make it quite feasible to relax in comfort for £150 to £200 a month. As a result, a growing stream of retirement as well as holiday home buyers are following the growing tourist trail.

West German and Scandinavian travellers were early converts to second homes in Turkey. Four-hour package tour flights from the UK are now encouraging British buyers to follow their example, and the *Turkish Consul General* in London reports an average of 10 applications a day from British subjects seeking temporary or full residency permits.

There is, however, one potential problem for incoming buyers. In the rush to meet this growing demand for property, a number of developers *have failed to take account of* Turkey's real-estate regulations. Property-buying rules for non-residents were relaxed last September, but one of the key restrictions remains in place: this is the Turkish Treasury's ruling that it will not recognise the purchase by non-residents of buildings or land in any military zone or *outside* designated municipal areas.

The military zone ban is easy enough to follow since these areas are clearly defined. The municipal area ruling, on the other hand, excludes many tempting town-fringe and coastal development sites. However, the rule has not stopped a number of developers from buying and building outside the Treasury's designated areas. If the resultant schemes were sold to Turkish residents there would be no problems, but as it is, developers have been sidestepping the need to get Land Registry Office approval for sales by marketing schemes outside the country.

In effect, the developers are leaving a tangle of paperwork which will only emerge when a non-resident owner tries to arrange a resale and finds that they have, at best, doubtful title to their holiday home. If those buyers try to carry out a resale by the book – rather than trying to keep the transaction offshore by selling informally to another non-resident – they are likely to find themselves in breach of Turkey's currency control regulations.

To be aware of this potential problem is to be part way to resolving it. Buyers need do no more than check whether the deed being offered on a Turkish holiday property development can be sanctioned by the Land Registry. If it can, the site will certainly be within the Treasury approved areas.

This particularly Turkish problem is largely a factor of the immaturity of the non-resident property market. Five years ago, sales to non-residents were sufficiently rare for every deal to involve checks back and forth between the banks and Treasury officials, and rare enough to generate a *welter of paperwork involving* the prospective buyer's consulate officials, the local sales agents, municipal authorities and the Land Registry.

The rapid expansion of buying demand and development activity since then has swamped that system. In the circumstances, it is hardly surprising *that there should be* developers whose official paperwork trails their marketing programmes, although that is no comfort to buyers who do find themselves in breach of the Treasury's regulations.

Development site rules apart, the Turkish Government is sufficiently keen to encourage controlled development to have simplified the buying process for non-residents. These revised real-estate regulations came into force in September.

Non-residents buying in Turkey still have to remit sufficient foreign currency to cover the purchase price and to pay an initial 4 per cent purchase tax, but the pre-September charges for stamp duty and registration fees have been dropped. More important, the old rules which prevented an owner from taking any profits on a resale out of the country have been axed.

Annual real-estate tax remains at 0.4 per cent of the value of a property, subject to five-yearly revaluation. That rate falls to 0.3 per cent for new properties for the first five years.

According to Nehir Firat Chadwick, whose Turkish Properties & Rentals agency (01-355-4068) deals exclusively with Turkish properties, it is either a passion for the country itself or for its low property prices and living costs that interest her agency's clients.

"There have always been people who have a particular interest in Turkey; people who may visit the country two or three times a year and who want a home and want to retire there. The people who have not known Turkey before visiting one of the tourist areas and who start to take an interest in properties have been struck by how much cheaper it is than Spain, or Portugal, or Italy."

Helping the Turkophiles to find a suitable property is simple enough since they are likely to have a clear idea of what and where they want to buy. As for the newcomers, Nehir Chadwick says: "People are astonished at what they can buy, and those on pensions see *that it would be possible to* have a better life."

A newly-finished, freehold, two double-bedroom, fully-fitted villa with balcony and roof terrace in the centre of the tourist city of Bodrum is on Turkish Property & Rentals' books at £31,000. Modern one and two-bedroom flats range *from £12,000 to under £20,000.*

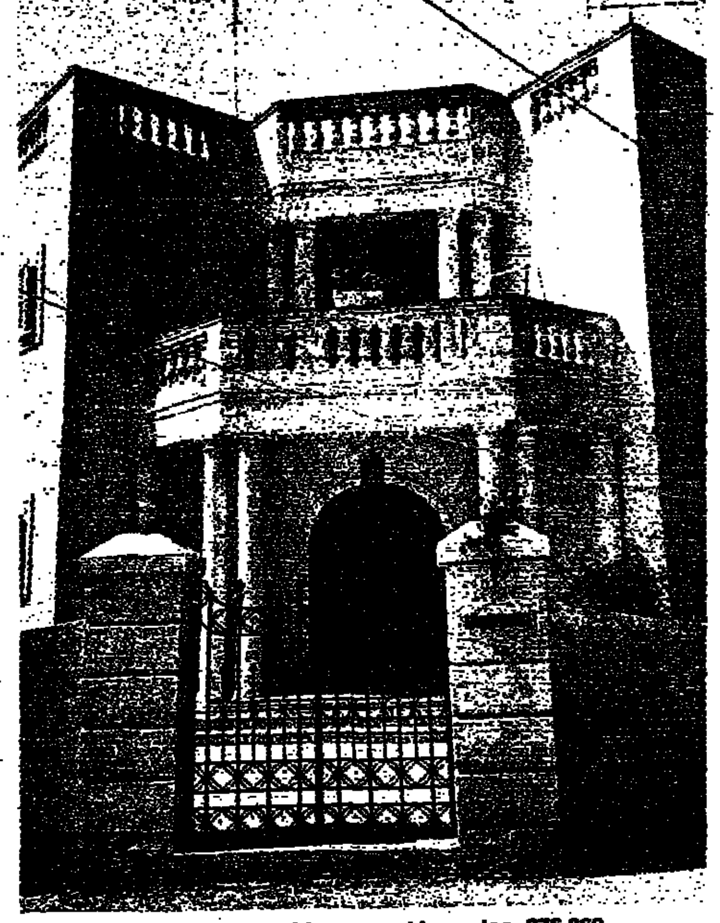
For those considering the conversion and modernisation of a local farmhouse, the agency recently sold an ancient two-room stone house in 1,150 sq metres of almond grove on the Datca Peninsular – between the Mediterranean and the Agean – for £9,500 freehold, complete with permission for renovation and extension.

Although a four bedroom villa in a fashionable section of Istanbul could well cost £250,000 or more, properties in and beyond Turkey's prime tourist areas remain among the least expensive sun traps within reasonable travelling distance of northern Europe.

Times change again in Malta

Audrey Powell discovers some attractions of a sunshine island

This converted farmhouse is on the market at £115,300



Four-bedroom detatched house: asking price, £76,860

MALTA IS diversifying. It has a history of change, of always moving in whatever direction seemed necessary, and today is no exception. The former British colony has been independent since 1964, since when it has been building up tourism to the point where it now attracts 800,000 visitors a year. Now it is encouraging foreign investment and developing other sectors.

Some 130 foreign companies have manufacturing subsidiaries there. The country is particularly keen on high-tech companies and would like more. Then there are its shipbuilding and repair activities and its new role as an international financial services centre. After all, the Maltese say, the island's strategic position in the middle of the Mediterranean is an important factor in its future economic development.

While the Maltese may seem a little strong on enthusiasm for the ventures of this island, 17 miles by nine, the country does have a broad-based programme – which includes applying for full EC membership this year. As other Mediterranean resorts become overcrowded, and northern Europeans are willing to travel further for their sun, Malta is encouraging another market: that of people seeking holiday homes.

At one time it had a considerable number of foreign, retired householders, attracted mainly by low income tax, and it is trying to win this sector back – *though not as successfully* as had been hoped.

"Malta has been thought of as a fun place for the retired, but the very wealthy can benefit tremendously from its tax system," says a Maltese estate agent. "It is a total tax haven. They should come and see a good local tax man and they *could save themselves a fortune.*"

However, Malta's residential market, after a long spell in the doldrums, faces a range of different demands. That should present no problem to its 42 estate agents, since the island's offerings are varied. But not all are available to foreign buyers. There is a two-tier system that reserves lower-priced properties for the Maltese. The minimum price for foreign buyers has been around £14,000, but legislation under consideration will probably raise this to £27,000.

Even so, Malta is a great place for loopholes. If a foreign buyer were interested in an old property for conversion, priced a little below the dividing line, the cost of renovation could probably be added to the initial *price.* To prevent speculation a foreigner may only own one property on the island and he may not let it (unless it has a swimming pool, when he may).

Although prices are creeping up in the open market, properties still appear good value compared with much of Britain – particularly so as the new *ones are now being built to* a higher standard and a more sophisticated design. Holiday-home buyers might find it an advantage that resales often come furnished, as, indeed, do some new apartments.

Properties in Malta are generally built in traditional style, with flat roofs, which give them a solid, chunky look – though now, with their forest of tall TV aerials, they no longer appear biblical. Since the building material is invariably the local honey-coloured limestone, the new blends with the old immediately.

So, taking the Maltese lira (LM) as, say, equivalent to £1.83, what might you buy? For holidays a couple might like a one-bedroom flat on the seafront at Sliema. Newly-built, the block of eight replaces an *existing property in a row.* The flats are attractively furnished and equipped for four people (two sleeping on a bed/settee). There is bathroom, shower room, balcony. This is Taormina Court and the price is LM 24,900/LM 29,900 (£45,600/£53,000).

A larger family might *prefer newly-built* three bedroom flats over a bank and supermarket in central Sliema. These offer a lot of space, with the main rooms connected by the arches so beloved of the Maltese. There are two bathrooms, sitting/dining room, living room, terrace – LM 28,000 (£51,250).

A house, for someone coming out on a managerial contract? The former Kuwaiti ambassador's residence is available – four bedrooms and reception rooms, three bathrooms, double garage, garden, swimming pool – LM 100,000 (£183,000).

Houses in Malta often have a good deal of unassigned space in entrance areas or a basement alongside garaging. Typical is another resale, looking over a rural valley. This has three bedrooms, dining and sitting rooms. The basement-level garage and adjoining undefined play area alone make up 1,200 sq ft – larger than many UK homes. It is on offer for LM 65,000 (£119,000).

Then there are farmhouses, *for conversion or already* upgraded, although here you have to change your mental picture. On an island that was once subject to invasions, farmers would prefer the back-up of neighbours to isolation, so the farmhouses were actually in the villages and the family lived above the animals. The land was elsewhere.

The property, within the village street, is usually surrounded by high walls. You enter through what seems an ordinary door in the garden wall and could find yourself in a charming paved open courtyard where doors all around may lead to rooms – bedrooms, living rooms, what you will. Stone stairways go up the sides of walls to flat roofs or terraces. There are arches with shady vines, groups of plants, a well, perhaps a cellar. Who knows what may turn up?

One buyer who converted such a farmhouse found two rooms he didn't know existed, when he knocked a hole in a wall. He has now made this into a gem of a property, which is on the market at LM 63,000 (£115,300). Another modernised *farmhouse* has a courtyard and garden with citrus trees – you can pick your own grapefruit for breakfast! This has quite grand rooms at ground level and all sorts of odd ones above. A huge arched cellar, where wine was made, is below. It is LM 78,000 (£142,750).

All these properties are on the *books of Frank Salt (Real* Estate), 2 Paceville Ave, Paceville, Malta (tel: Malta 337373). This company has a UK office at Gozo House, Aldington, Ashford, Kent TN25 7HH (tel: 0233-720216) and has just formed an association with Prudential, in Wimbledon, London (tel: 01-947 7383) which will offer some of its development projects.

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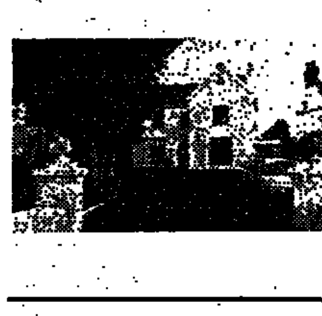

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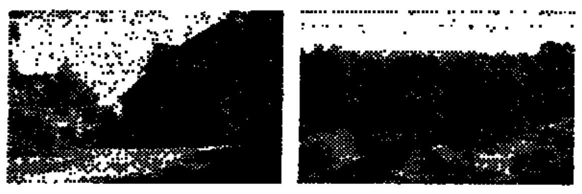

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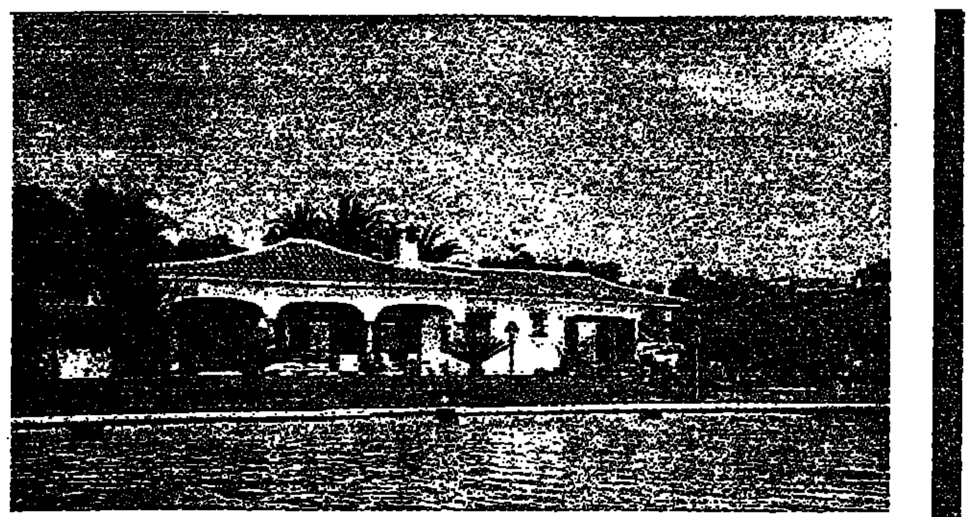

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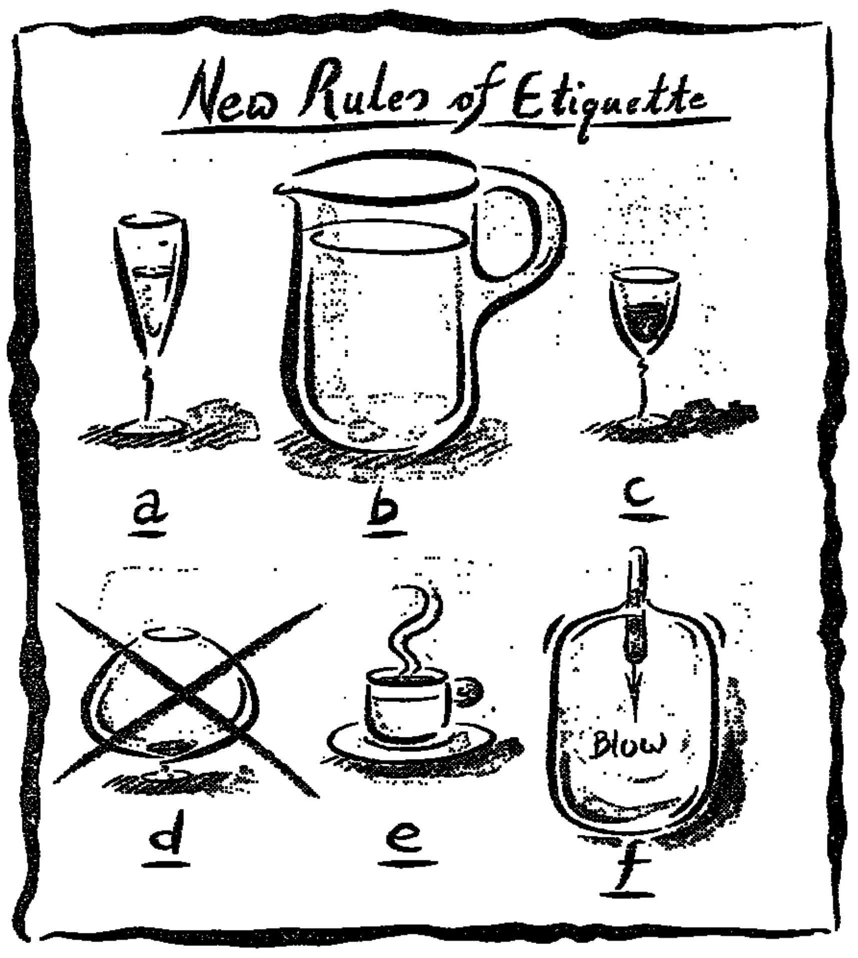


Sober thoughts on unthinking drinking

TO WHAT extent are we responsible for the actions of our guests when they are under the influence of what we have poured into their glasses? I have been fretting over this for some time now. However, I have been finally spurred into print on the subject by a reference to "host responsibility" in the monthly round robin sent to us wine writers by the most important man in wine-drinking Britain – Sainsbury's director of off-licence buying.

Allan Cheesman is one of the nation's more pragmatic wine enthusiasts. He throws this alarming concept at us and then – in the manner of old-fashioned sex educators – urges us to read the enclosed booklet. In this case it is "A Sainsbury's Guide to Low and No Alcohol," available at your local branch of our largest drink retailer.

Sainsbury's Alcohol Free Wine and Lambrusco Light Bianco, two of the nearly two dozen low and no alcohol beers and wines that the retailer can muster, may be facts of life but that doesn't make them any more palatable.

It will take more than the concept of host responsibility to persuade this host to substitute Palm Beach Mure ("subtly flavoured with blackberries") for the champagne I fear my guests have come to expect. Nonetheless, I do feel very responsible for the fact that when friends fall out of this front door, thanks to careful planning (and no little expense), they would make worse drivers than when they arrived.

Apart from the lager lout minority, people under 25 seem to me to have a much healthier attitude to drinking and driving than their parents. Genuinely scared of fines and endorsements, they were presumably caught at the right age by sensible alcohol education programmes and realise the folly taking to the steering wheel in their cups.

Older generations usually have the reassurance of several decades of drunken, or at least inebriated, driving behind them. They may well feel proud of their own driving skills, a pride that is only accentuated by a few comforting glasses. I know that before I looked experiments contrasting driver confidence before and after alcohol intake, I used to believe I was a much better driver for two or three bracing units of alcohol. I am now convinced this is all a chimera and it's just not fair to inflict my delusions on other road users.

So without restricting our friends to those who have chauffeurs or investing heavily in sleeping bags, how are we to be socially responsible hosts?

I have felt particularly vulnerable on this score since writing a consumers' guide to alcohol. The last thing I wanted – after so uncharitably pointing out that the alcohol in wine was the same as the alcohol in lager and vodka – was to seem a killjoy. I suspect that I have accordingly been killing my friends' livers with kindness, serving too much wine rather than too little in a dubious attempt to show that I haven't been completely swallowed up by prissiness.

We wine fanatics have an unhealthy habit of serving more than one wine at a time. It may enhance our understanding to compare two different vintages of the same wine, or two different examples of the same appellation, but it almost certainly leads us to consume more than we would if we drank wines one at a time like everybody else.

I try to minimise such unthinking drinking by providing a jug for unwanted leftovers (before we move on to the next brace of bottles usually), but pouring away such expensive liquid goes against the grain for most people who are not forced by their livelihood to do just that.

A further complication is that the host of a domestic entertainment probably feels least like exercising personal restraint. He or she rarely has to operate machinery more dangerous than a dishwasher afterwards and may well feel more like preaching celebration than caution.

Although we try to plan minicabs for our return journeys, I draw the line at imposing this discipline on others. Perhaps it is a subconscious move to shame befuddled friends into good behaviour, but I am not aware of it.

I cannot imagine sanctimoniously relieving friends of their car keys saying: "Now now, let's just settle down to an hour or five of Trivial Pursuit and coffee until we've got that blood alcohol level down a bit, shall we?"

Those who live in towns with flourishing taxi and minicab services, and good public transport systems are lucky – we have genuine alternatives to that last resort, abstinence. I can quite see that host responsibility takes on quite a different complexion in the depths of the country. I suppose guest lists could be compiled with geography in mind so that four guests, say, would need only one sober driver – but think how they'd gossip on the way back. Bring on the sleeping bags.

Long before you appoint yourself moral guardian of your guests, there are some simple provisions the thoughtful, responsible host should make.

■ Be particularly wary of the effects of alcohol on an empty stomach. The aperitif will almost certainly be the most potentially dangerous drink you serve, particularly if it's champagne (which hits the system with greatest force, thanks to the gas) and if you serve no food to soften the blow. The *Weekend FT's* revered wine correspondent Edmund Penning-Rowsell introduced us to the golden rule of serving cheese biscuits with champagne. Dutch Roka biscuits (sold by Waitrose) go beautifully and are good and fatty.

■ Always offer a non-alcoholic alternative, Sainsbury's Light Lambrusco Bianco if you must. I have yet to drink a non- or low-alcohol wine with pleasure – although I can happily stomach their beer equivalents (perhaps because I have a less keen appreciation of how they *ought* to taste). Be aware of the gulf that effectively yawns between no-alcohol and low-alcohol products. Many low alcohol wines are deliciously sweet and grapey but can be more than half as alcoholic as normal wine – so should not be swigged the way alcohol-free wines can be. The alcohol content should be marked on the label. Less than one per cent means swiggable.

■ Even for those who are drinking, *please* put a water glass on the table as a matter of course – and keep on filling it. I try to drink as much water as wine. If I ever find myself slaking a thirst with wine then I know I'm heading for trouble.

In a final plea for "guest responsibility," I would urge that everyone decides how they will get home, even if it simply means deciding who will be the driver, *before* the first glasses are filled. It takes about an hour for one "unit" of alcohol (a smallish glass of wine) to work through the system. If a typical man drinks six units over three hours and a typical woman four, their blood alcohol level will *probably* be under the legal limit for drivers, but abstinence is the wisest course. Remember the unwelcome fact that a really heavy evening's drinking can leave a driver's system too thoroughly awash with alcohol to be safe the morning after.

Jancis Robinson

Eating into history

Nick Lander visits Hartwell House

NO CHEF in Britain today could produce food to equal the architectural restoration of Hartwell House, just outside Aylesbury in Buckinghamshire. That is not to dampen the enthusiasm of Hartwell's young and conscientious chef, Aidan McCormack, but rather to emphasise just what has been accomplished there in the last three years.

Hartwell House has been restored by Historic House Hotels, which has already restored and opened Bodysgallen Hall just outside Llandudno, North Wales, (tel 0492-584466) and Middlethorpe Hall near York (tel 0904-641241) and has obviously learnt from its experiences in these two houses. When I stayed at Hartwell just before Christmas many of the teething problems, encountered by any new hotel, had already been ironed out.

This is also a reflection of the company's clear-cut objectives. The company will only convert Grade I or Grade II listed buildings – Hartwell is Grade I and mainly 17th and 18th century – and there must be not too many recent additions. Richard Broyd, the chairman, believes that the best way of preserving these houses for the nation is to adapt them for hotel use, which he says gives them a chance of withstanding the wear and tear of the 20th century and surviving into the 21st.

He thinks of himself foremost as a conservationist rather than an hotelier. Although the company will only restore a house if the house meets these requirements, Broyd is aware that even the most beautiful hotel will not survive in isolation. Any hotel must be within two miles of a large town which will not only support the restaurant – Hartwell will be an excellent addition to Pebbles restaurant in Aylesbury (0296-86622) or The Bell Inn at Aston Clinton (0296-630252) – but also supply a steady stream of customers travelling on business. (Heathrow is only 30 miles away.)

One great advantage for Broyd and his managers is that in owning three hotels in very different parts of the UK he can move staff around – offering promotion without losing key staff – ensuring that standards are maintained throughout.

Thus it was a great pleasure for my wife and I, both northerners, to be greeted after a wet and windy trip down the M40 by a friendly young porter with a broad Liverpool accent. Tea was brought by another northerner, with the homely advice to use the padded holder as the pot was extremely hot. The Hartwell House restaurant is ably managed by Andrew Patterson, who used to be at Middlethorpe. He not only patiently described to us a wine which neither of us had come across before, but also warned us against a half-bottle of 1969 St Joseph, confessing that he wished he had never bought it!

The same generosity of spirit filled the front of house – it was, after all, the week before Christmas. We had booked a double room but, as the hotel was quiet they had upgraded us – strangers to them – to a room that could, for once, truly be described as magnificent.

The bedroom contained some stunning wooden panelling, a beautifully worked overmantel, several original oil paintings, a comfortable four-poster, a couch, and armchairs. Current magazines and some novels added just the right note of home comforts. In preserving the nature of the building the bathroom is not huge, but efficient.

The house is set in 70 acres of grounds, landscaped by a pupil of 18th century architect and gardener Capability Brown, with walks clearly marked. You can, however, work up a good appetite for dinner by wandering around the public rooms – there seem so many of them. They lead to a most original dining room which has been created, punctiliously, after the style of the English architect, Sir John Soane.

My only criticism is that having gone to so much trouble, the lighting was so subdued on the staircase and in the dining room that much of this hard work, and a lot of the detail, remained in shadow. In such surroundings the chef, his brigade and the waiting staff do their best not to be overlooked.

Basics are well taken care of. The bread is good – although the brown toast at breakfast could be better – and the emphasis on the freshness of the raw ingredients is laudable. No sooner had we sat down than we were told that the chef was not happy with the smoked woodcock and it had been substituted, while for breakfast there would be no fresh yoghurt as the delivery van had been held up by flooding on the roads.

The menu offered a selection of winter's treats – partridge, mallard and an interesting dish of loin of venison, marinaded and served with chestnuts and home-made black pudding. A leek terrine had been liberally suffused with truffles but was served with an unnecessary tomato coulis, while the potted goose was a very good first course attractively presented. The desserts too are good and the wine list has had a deal of thought put into it. We drank a rare half bottle of Clos St Hune Riesling 1981 from Trimbach, Alsace, which was delicious, and a 1978 Châteauneuf du Pape Clos de L'Oratoire.

This year will see the completion of building work at Hartwell with the addition of a conference room and extra bedrooms in the adjoining stable and coach houses, as well as a swimming pool masquerading as an orangery. The house and its buildings will be changed but not transformed and available to a much wider public. But, more important, for a house that was the seat of William Peveral, son of William the Conqueror, it could be secure and profitable.

■ *Hartwell House, Oxford Road, Aylesbury, Buckinghamshire HP17 8NL. Tel 0296-747444, fax 0296-747450. Rooms: single £83.00, double £115.00, four poster £160. Lunch Monday/Saturday, £15.00. Sunday £18.00. Dinner: set menu £25.00, à la carte £35.00. All prices inclusive of three courses, coffee, VAT and service.*

Cookery

Sorry, the chestnuts are off

SHOPKEEPERS greeted their customers with "compliments of the season" at the turn of the year, but shopping proved a frustratingly unseasonal experience.

I expected to find plenty of chestnuts and cranberries on sale, as there have been in recent years, ready to slot into menus that link the end of the old and the start of a new year. Chestnuts roasted in the fire and dropped into glasses of Sauternes make me feel mellow and sweet, a welcome addition to the first-footer's more obvious choice of whisky and black bun. As for lunch on New Year's Day, what could be more soothing than a dish of chestnuts and bacon wrapped and braised in cabbage leaf parcels, followed by the clean tang of a cranberry kissel?

The little ritual of these things have become pleasing punctuation marks in my calendar, as eagerly anticipated as the first asparagus for my parents' wedding anniversary in May, sea-trout and strawberries on Midsummer's night, and mushroom feasts in September. But this year the fifth day of Christmas brought disappointment. No chestnuts, no cranberries were to be found.

In fact, many traditional seasonable fruits and vegetables were notable by their absence. A few Brussels sprouts and parsnips were around, but a great deal of space was devoted to fancier, more summery veg: three different sorts of new potatoes, asparagus, dwarf sweetcorn from Thailand, purple-tipped baby globe artichokes and others.

The new is exciting of course, but to lose sight of the passing seasons strikes me as missing out on an important factor in keeping our cooking vital and fresh. I am wary of the current tendency to discriminate against familiar ingredients in favour of novelty. New is not necessarily better, any more than sophistication is a virtue. Simplicity seems in danger of becoming confused with dullness in the minds of some

At any rate there is, sadly, a growing reluctance to serve simple foods simply cooked lest they be misinterpreted. Why should a fruit salad have to be "exotic," whether by nature of the tropical fruits that go into it, or because it contains out of season strawberries that come complete with a hefty cash until receipt to certify their exoticism? As I see it, the pleasures of fruit salad are threefold. First I love the light, fresh taste fruits bring to the end of a meal. Second, fruit salad gratifies our lazy greed because the fruits are presented beautifully, stoned, peeled and otherwise ready prepared for eating. Last but not least, part of fruit salad's charm lies in the changing selection of fruits used, a variety constantly maintained at its freshest and best (and most reasonably priced) by majoring on produce that comes and goes with the passing seasons. At this time of year apples, pears, citrus fruits and bananas are natural choices, and this is the traditional season for enjoying dried fruits of all sorts.

Fruit salad à la Grecque

On most evenings we end dinner with this delicious, decorative and healthy dessert. In winter it generally consists of apples and pears, cored and cut into wedges, grouped on a shallow dish with a few segments of clementine, or mini bunches of grapes, or bananas, cut lengthways into quarters. No syrup bathes the fruit, no cream is served with it, but if preparing ahead I dip the cut fruits in lemony water to prevent discolouration.

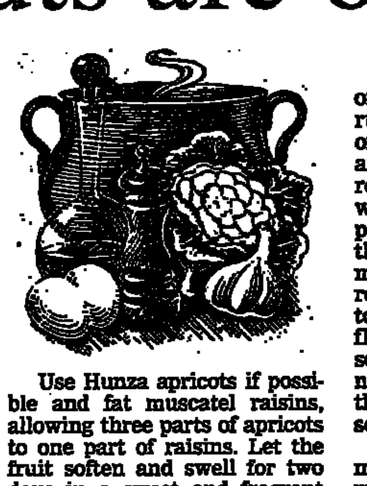
Subtract, add or substitute other fruits according to appetite, budget – and, of course, season. Or use a mixture of fruits and other foods. For example I recently served just two different varieties of apple with crisp little biscuits and piles of freshly shelled walnuts stacked between the fruits.

Fruits in the snow

This is a midwinter favourite with younger family members. Cut apples, pears and bananas into generous bite-size chunks. Mix them with segments of clementine, scatter with sliced dates (or raisins and sultanas) and dress scantily with a snowy coating sauce of yoghurt thinned to a cream with a splash of fresh orange juice and a globule of honey.

Khoshaf

No fresh fruits are used here, only dried ones generously laced with nuts. It is an exquisite store cupboard fruit salad – but, alas, it cannot be prepared quickly. The better the fruits, the better the salad.



Use Hunza apricots if possible and fat muscatel raisins, allowing three parts of apricots to one part of raisins. Let the fruit soften and swell for two days in a sweet and fragrant liquid. (2 oz of pale muscavado sugar and 2 tablespoons of rose or orange blossom water stirred into ¾ to 1 pint water is about right for 1 lb fruit.).

After two days in a cold larder, when the fruit is plump and tender, stir in plenty of pistachios and blanched and split almonds – at least 5 oz of nuts to every pound of fruit. Leave for a few hours before serving, with or without creamy yoghurt.

Oranges with cardamom

Perhaps the most refreshing of all fruit salads is a pure citrus one. The secret with oranges is to use a sharp knife and to be ruthless about removing all traces of bitter white pith when you cut the peel from the fruit. Then use the knife to release each segment of flesh from its surrounding V of membrane and to extract the pips. Or slice the flesh across into rings, reassemble the slices into the original orange shape, securing them with cocktail sticks, and serve piled into a pyramid.

Whether sliced or segmented, I dress the fruit with more of its own juice, scented perhaps with a faint whiff of crushed cardamom or few drops of orange blossom water. Two small thin-skinned oranges (1½ for eating plus ½ for juice) are plenty per person. For a finishing touch I rarely do more than scatter the fruit lightly with pinenuts and shredded almonds but occasionally I use crushed amaretti biscuits instead or amber shards of praline.

Philippa Davenport

Food for thought

Giving Viennese food a whirl

ONE OF the treasured memories of my adolescence is the smell of Vienna's Naschmarkt. Almost the entire Central European cuisine is summed up in an olfactory combination of pickled pork and cabbage, brine-soaked gherkins and dried herbs mingled with the aromas of the sausage stands.

Over the New Year, I revisited Vienna for the first time in 20 years. Once again, there were the tubs filled with olives and gherkins, the heaps of sauerkraut, caraway seed or rock-salt encrusted loaves, and about 100 different types of cut and processed pork and game. These Central European staples have been joined by foods more appropriate to the city's growing Turkish and Yugoslavian population, and kebab stalls jostle for place among the wurstel bars. Vienna is the heart of gastronomic *Mitteleuropa*.

It is a standard Viennese joke that the East begins at the Mexicoplatz in the city suburbs. However, Balkan influence is not so noticeable in the city's cuisine, even if the defeat of its Turkish overlords before Vienna's gates in 1689 created the *croissant* – Viennese patissiers wrought it in the form of the Turkish crescent moon. Gastronomically, the Viennese pay more heed to their Magyar neighbours and their ubiquitous goulash soup and heavy-handed use of paprika and goose dripping.

The classic themes of Central European cookery extend through Czechoslovakia and Germany to Poland and beyond. Czech food is largely inedible, if the hotels and restaurants of modern Prague are anything to go by.

Processed cheese slices draped across cold, rank pieces of pork seem to have become something of a cliché. *Wiener schnitzels* are made from tough pork rather than veal. Sausages, as Stephen Brook plausibly contends in his book *Double Eagle*, appear to be made from pigs' tumours. The only thing I swallowed with any pleasure in Prague was roast duck moistened with Moldavian Riesling.

Over the border in East Germany, things are a trifle better. In Dresden efforts were made to produce local delicacies – roast pork in Dresden-style commemorated the city's still extant vineyards by adding raisins to the sauce.

I wouldn't go too far to extol the glories of East German food with its inevitable *Kloschen*, or potato dumplings. In East Berlin I was once unwise enough to try something called *Teufelsfleisch* – devil's meat – which a West Berlin doctor friend informed me was probably billy goat.

On both sides of the now punctured wall, Berliners appreciate *Eisbeins*, or pork knuckles. The Eastern version is about half the size of its Western counterpart, not that that would trouble anyone here – you need to have starved for a week before you can accommodate an *Eisbein* on the Kurfurstendamm.

Dishes such as *Eisbein*, blood and liver sausage or the excellent *Aal. grun* (eels in dill sauce) are *mal vu* for discerning West Berliners. Restaurants in West Berlin and the rest of the Federal Republic are universally attracted to their own version of international nouvelle cuisine – sausages and sauerkraut are just two filthy words. I find this rather jarring when the Germans persist in hectoring you about the gastronomic potential of their dry white wines, which, they say, are a return to a tradition that vanished in the 1930s. This may well be true, but the food served in trendy restaurants such as the *Wehlener Sonnenuhr* in the Moselle is hardly a return to German traditions. The restaurant's menu offers so many French dishes that it might be the language of Prussia's Great Elector.

It would be churlish to deny the Germans, or the Austrians, the right to seek excellence at the expense of purely local idiom. Two of Europe's best restaurants are in Munich. At the Korso restaurant in Vienna's Bristol Hotel, I ate an excellent meal (at a very costly price) of fish terrine en croute – which would have done credit to many new wave Parisian tables – and some delicately sauced venison.

Austrian food has refinements which are rarely to be found even in the richest West German cities. Dehmel in Vienna's Kohlmarkt is said to be the best place for Sachertorte now that those produced by Sacher's Hotel are derided by Austrian gourmands. This I cannot confirm, however, as my attempt to purchase one was thwarted by Viennese rudeness – and the information that they are not sold after 11.30 am. I got one from Aida, opposite the opera. It was good enough, not quite the peasant food of the Naschmarkt or even the stark, Spartan food of the Prussians, but an expression of a certain undeniably Central European frivolity.

Giles MacDonogh

High Street Wine

A rather dull list

THE Co-Operative Wholesale Society has 2,500 licensed outlets in Britain. Three hundred of them are of supermarket size and carry a good range of the 128 different wines available to them on the current list. Because of a special relationship between these stores and the retail societies, what the latter order is up to them, and they can also buy from other sources. So the chief buyer, Dr Arabella Woodrow, Master of Wine, who was appointed less than two years ago, has not only to select good wines but to persuade the shops to buy them for re-sale.

Judging from 26 of these wines shown at a recent London tasting, low prices seem to be an important inducement to the shops and their customers. It is only fair to say that although the Co-op has the reputation of having started supermarkets it has never been to the forefront of the drinks trade, although the outlets plan to sell a million cases this year and today they face very lively competitors.

Judging by this tasting the wines are not generally poor, but they tend to be dull, although they have now introduced some Midi and Australian wines. Their image is not exactly helped by brand names affixed to their fairly basic French and German wines: "Pierre Chaumont" and "Lohengrin" respectively.

Below are comments on some of the wines – certainly inexpensive of their kind – that I tasted. One does not have to be a wine snob to have wished for more wines with a vintage date:

WHITE

Vins de Pays des Pyrenées Orientales N.V. (£1.99). A reasonably fresh, but slightly sulphury party wine.

Vin de Pay de la Vallée du Paradis N.V. (£2.29). Fairly fruity, but heavy-tasting and lacking freshness.

Lohengrin Niersteiner Gutes Domtal (£2.09). A typical sweetish district Rheinhessen wine of the type increasingly out of favour.

Lohengrin Zeller Schwarze Katz (£2.29). More character to this basic Middle Moselle, but lacks acidity.

Lohengrin Klusserather St. Michael (£2.29). A district Moselle rather lacking in character. In these days when German wines generally are subject to much criticism, non-vintage wines like these three do not inspire confidence.

Bulgarian Chardonnay N.V. (£2.29). A fair wine with some Chardonnay flavour, and good value.

Chablis Gustave Devilaine 1987 (£6.49). Typical basic Chablis, and if the price looks high in the context of this list, one cannot expect less.

Australian Semillion N.V. (£3.79). Not much bouquet, but an easy-to-drink light wine.

Australian Columbard & Chardonnay 1987 (£3.75). Nice Chardonnay nose, with a lead-pencils suggestion, and a wine with good flavour and style.

Deidesheimer Hofstück Kabinett 1988 (£3.19). An agreeable, fairly sweet wine with a Palatinate aroma and flavour, and good balance.

Gallaire Sauternes 1987 (£6.99). Produced by the Bordeaux firm of Sichel this is a typical generic wine without any botrytis. Agreeable.

RED

Vin de Pays d'Oc Cabernet Sauvignon, N.V. (£2.39). Fair bouquet and fruity flavour, with a dry finish, suggesting tannin.

Bulgarian Merlot & Gamza N.V. (£2.19). This blend of Bordeaux and native Bulgarian grapes has a Bordeaux nose, and provides light, easy drinking at a good price.

Bulgarian Cabernet Sauvignon N.V. (£2.39). Much more colour than the last wine, nice nose and flavour that has a touch of class.

Rioja Vina Valduengo 1986 (£3.49). Good colour, some oak on nose and tase, but quite seductive as these Riojas often are.

Côte de Beaune Villages, Charles Vienot 1984 (£5.45). After a dusty-smelling bouquet, a dry flavour, lacking fruit - from a poor vintage.

Châteauneuf du Pape, Cellier des Princes, 1987 (£5.69). From a very large Rhône co-op, this is very light in flavour, and lacking the bold fruitiness one expects from this wine.

Barolo Roche 1984 (£4.89). On the dry side for a Barolo, but acceptable for this year and price.

Australian Cabernet Sauvignon 1983 (£3.99). Very good colour, oaky but fruity and typical in style.

Edmund Penning-Rowsell

HOW TO SPEND IT

Cover every angle with the richness of rugs

Old or new, kelims, Persians, flat-weaves and others deserve a space in your home — and not just on the floor, says ***Lucia van der Post***

FOR SHEER decorative value it's hard to beat rugs. Though usually found on the floor, they are also wonderful camouflage for aged upholstery, furniture of undistinguished lineage, worn fitted carpets and all the signs of wear and tear that most well-used houses are heir to.

They age beautifully, and when you move you simply pick them up and take them with you. In addition, anybody who has been buying them over the last few years can rest happy in the knowledge that they have probably increased enormously in value since.

However, if you are just beginning to think of buying them be warned: the world of rugs is a potential minefield. Be particularly careful if you are looking for something rare and exquisite — it's best to go only to established names, those who you can be sure are no fly-by-night dealers, here today and gone tomorrow.

The big rise in prices of rugs is linked largely to their scarcity. For this reason few rug dealers these days sell only antiques — almost all sell a combination of old and new and many have embarked on enterprising ventures with villages and communes in the countries where there is a tradition of rug-making.

This ensures that these villagers will still have a business and that we will still be able to buy beautiful, individual hand-made pieces. It also keeps traditional skills alive and gives purpose, work and income to the carpet-makers, who often live in remote areas and have no other means of earning a living.

New rugs, it is no use pretending, do not look like old ones. But those who are unduly snobbish about new ones should remember than even the oldest were, inevitably, once new. The real glory of rugs is that good ones age beautifully. They are exceedingly tough and are designed to be walked on, sat on and generally *used*.

A concern like The Asad Company, which sells through The Vigo Carpet Gallery, 6a Vigo Street, London W1X 1AH, started buying and selling old rugs and kilims and then decided to set up an operation that used both European and Turkish know-how and experience.

Asad had seen that Turkish villages and bazaars had been raided so comprehensively over the years that almost everything of quality had gone. It also noticed that the mountain villages in Central Anatolia, from where the interesting kilims and old rugs used to come, seemed to be dying on their feet, the inhabitants often having to head for the slums of big cities to look for work.

Gradually Asad started working with the villagers, although the company admits that it made mistakes along the way — chiefly, it feels, in putting undue emphasis on continuing with all the old ways and not taking advantage of the best modern inventions, like good chrome dyes. Asad found that what seemed to matter most was the quality of the wool and the way it was carded and spun so these days, though they sell some kilims with nothing but natural dyes, many of the company's rugs use combinations of chrome and natural dyes.

These new rugs are mostly based on traditional designs and patterns though, in order to bring new vitality to the craft, modern designs are being worked on. For quality rugs they are reasonably priced — selling at some £200 a square metre in the shops — and come in a vast range of colours and patterns. These vary from William Morris, which looks particularly good in English country house settings, to Caucasian Gendjes like the one pictured here, and sought-after Zieglers.

Asad will also make special commissions, which work out more expensive than the standard designs but still sound very reasonable to me — enquiries to The Asad Company's agent, David Bamford, tel. 0544-267849.

Besides The Asad Company's rugs, The Vigo Carpet Gallery, for similar reasons (mainly the scarcity of fine antique ones) has also started a manufacturing arm of its own, mainly offering new versions of European-style rugs like needleworks, Savonneries, Aubussons and tapestries. Vigo is a good source for those who like floral rugs — it has a big selection of rugs with great cabbage roses, and there are also William & Mary styles and Arts & Crafts ones. Currently The Gallery has a sale (until January 27); many rugs are half-price and there are tapestry or needlework-covered cushions reduced from £94 to £52.

Personally, I've always had a soft spot for kilims, those flat-weave textiles traditionally made by nomadic people for their own use, often as part of a dowry, and almost all incorporating a rich and personal set of decorative references and motifs.

If you want to see a large selection then The Kilim House at 951/953 Fulham Road, London SW6 is a good place to start. Here you can find kilims from almost every country, except Poland (they leave these to Daphne Graham, see below) and the shop always has a mix of old and new.

To give you an idea of the difference in price between old and new antique Turkish kilims, old ones start at around £2,000, almost regardless of size (small ones are often more sought after by collectors), while a new one measuring something like 10 ft by 8 ft costs around £400. Old Persian and Russian kilims are fetching very high prices — for example, a fine Sehna kilim, measuring about 6 ft by 4 ft and about 60 years old, will cost somewhere between £700 and £1,200. If you think that is expensive, just remind yourself that chances are it will be even more expensive next year.

The Kilim House currently has a large selection of modern Romanian kilims. These are mainly pastel-coloured with floral designs, and those over 10 sq metres are being sold at £500, with £20 from each sale going to Romanian relief aid.

Daphne Graham, of 1 Elystan Street, Chelsea Green, London SW3, specialises mainly in flat-weave rugs from all over the world, including Turkey, Russia, and Poland. Like most other rug dealers she sells old antique ones when she finds them but these are mixed with large selections of modern rugs, all made in traditional idioms.

Floral kilims (Karabaghs) are much in demand these days, largely because in certain traditional rooms and country houses they look more appropriate than the harder-edged geometric designs. Daphne Graham specialises in these and many of them come from the workshops and co-operatives now being set up in Eastern Europe, most particularly in Poland, to encourage the weaving of such rugs.

In the UK we have mostly tended to see rugs and carpets as floor coverings, but in the countries where they were made they were used in many different ways — as floor coverings, hangings, door curtains, bed covers, saddle-bags, chattel carriers and so on.

Kilim-covered furniture has been back in vogue for some time now and Daphne Graham always has a very good selection of kilim-covered sofas, armchairs, stools and cushions. Needless to say only damaged or already cut-up pieces of kelim are used for these.

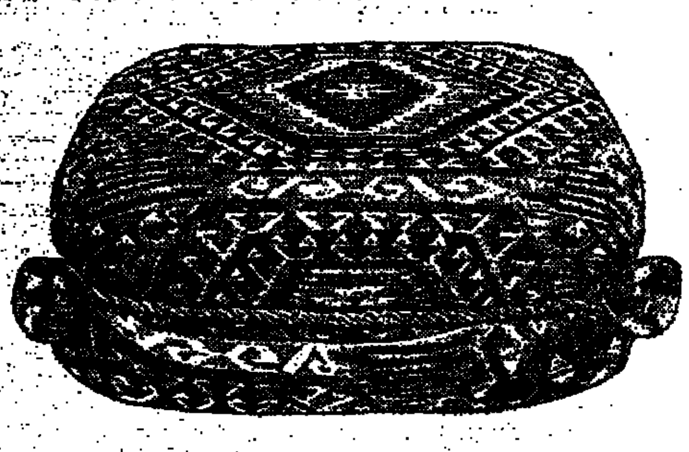
Sussex House, Material Revivals, 63 New Kings Road, London SW6, salvages cut or damaged pieces of kilim and uses them in a host of attractive decorative ways. Carpets and kilims used come from Turkey, Shiraz, Farghan, Bokhara, Caucasia, or north west Persia and there is also some Chinese needlepoint. There are cushions in myriad colours and patterns (from £20), shoulder bags (from £79), pouffes (£225), and footstools (£115).

The shop will also cover furniture you already own with carpet or kelim, and anybody with a piece of furniture that they would like covered can take it along to Susses House in order to get a quote.

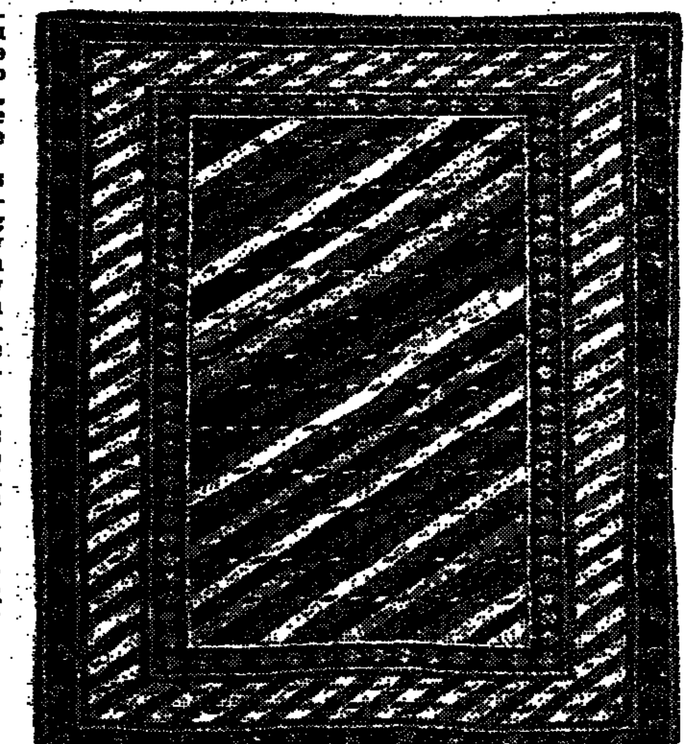
David Seyfried Antiques, 759 Fulham Road, London SW6, has a small range of furniture which he will cover with kilims supplied either by you or him. There are various reproduction-style stools: Victorian, Chippendale or Georgian-style; a curved window-seat, 42 ins by 18 ins (£475) and pouffes, 30 ins by 30 ins (£450).

For sumptuous dhurrie-covered sofas, the Oriental Furnishing Warehouse (which used to be known as Indiaworks), 107a Pimlico Road, London SW1, is the place. Here you can find a vast selection of suitable dhurries to choose from — you simply work your way through the pile, choosing the ones that you like best.

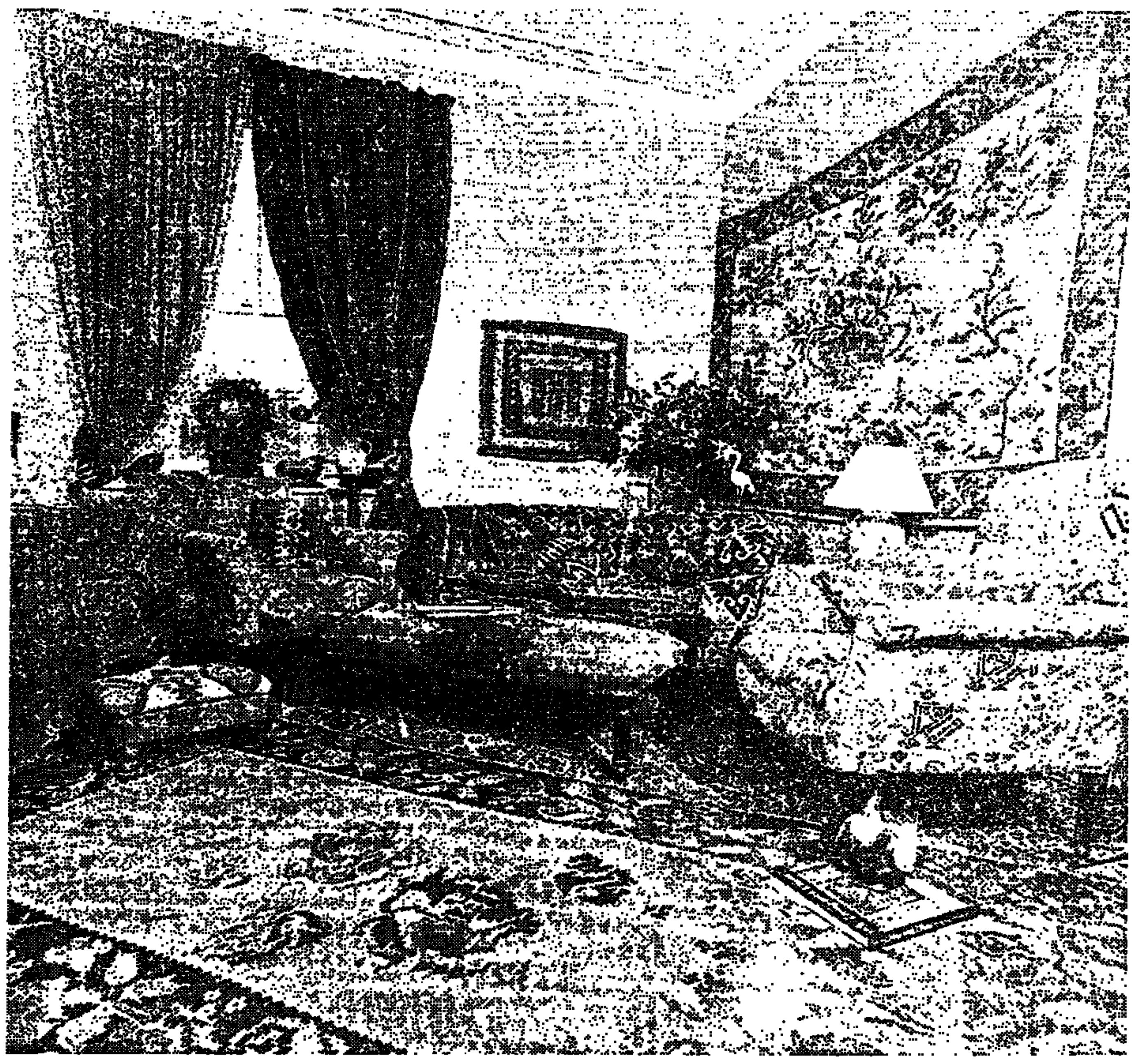
There is just one style of sofa — two- or three-seat versions costing £1,600 and £1,975 respectively, and dhurrie-covered arm chairs costing £985.



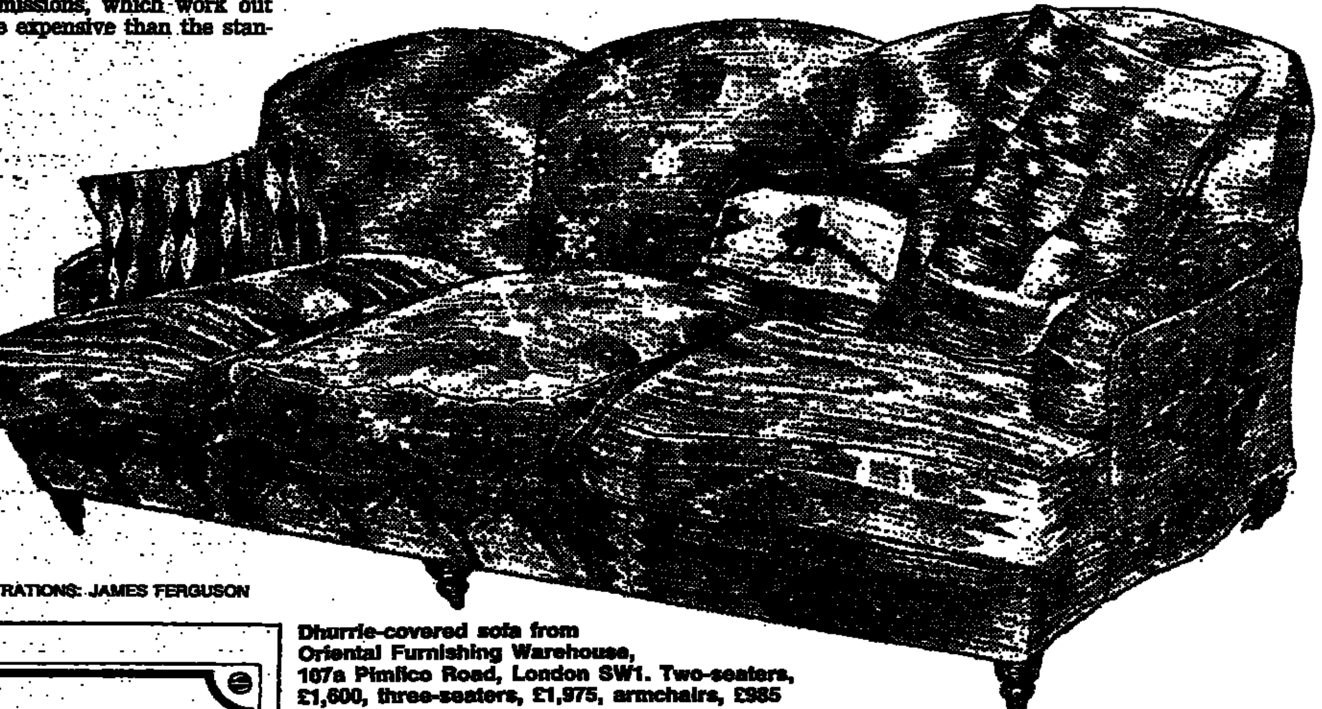
Kelim-covered pouffe, 30 ins by 30 ins, £450, from David Seyfried Antiques, 759 Fulham Road, London SW6



Modern Caucasian Gendje design by The Asad Company, available from Vigo Carpet Gallery, 6a Vigo Street, London W1X. Prices work out at about £200 a square metre — this one is 1.61 metres by 1.24 metres, ie about two square metres

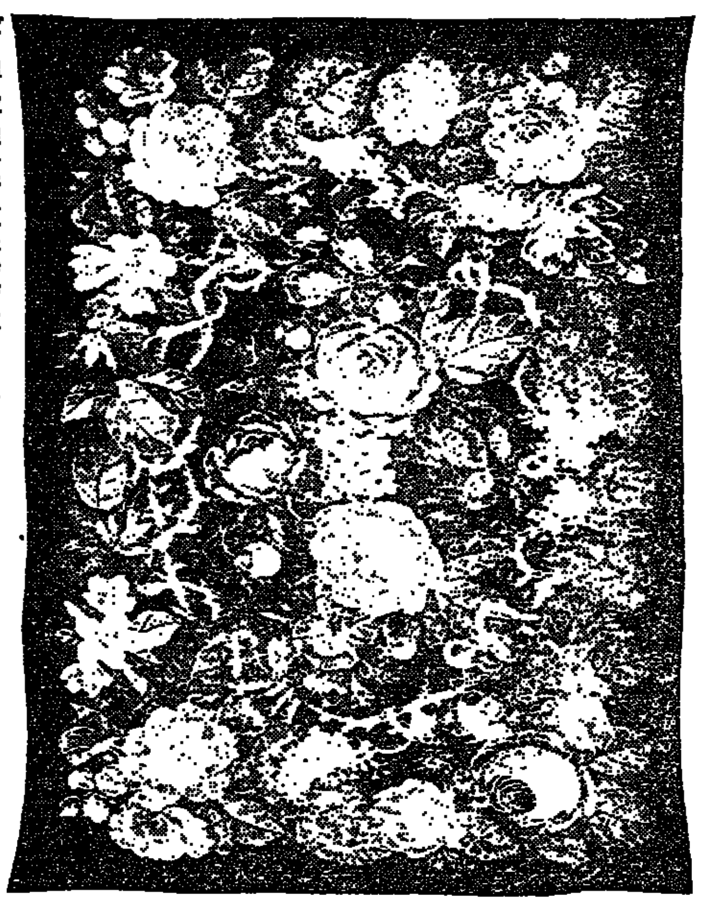


Those who truly love rugs never run out of space for them — when the floor runs out there are sofas to be covered, walls to be filled, windows to be framed. This collection is from Daphne Graham, 1 Elystan Street, Chelsea Green, London SW3 3NT — on the wall is a Polish kilim, on the floor a rare yellow ground Karabagh from eastern Turkey



ILLUSTRATIONS: JAMES FERGUSON

Dhurrie-covered sofa from Oriental Furnishing Warehouse, 107a Pimlico Road, London SW1. Two-seaters, £1,600, three-seaters, £1,975, armchairs, £985



Needlework rug, Cabbage Rose, 8ft 3ins x 5ft 7ins — reduced in January sale from £1,850 to £1.588; 4ft by 2ft 6 ins size is down from £575 to £345, available at Vigo Carpet Gallery, 6a Vigo Street, London W1X 1AH

Bibliophilia

Feeders of the hungry

***William St Clair** on booksellers turned writers*

BOOKSELLERS rarely write books. Some may hold the printed word in awe and doubt their power, or they may fear adding to the trade's preponderence of dud stock. My copy of Curwen's *History of the Booksellers* (1873) contains the inscription, by an unknown hand: "A bookseller is the link between mind and mind, the feeder of the hungry, the binder-up of wounds." More often, it is only broken covers that he is asked to bind-up.

The first English bookseller to write his memoirs called his book (with winning honesty) *The Life and Errors of John Dunton*. He was described by the elder Disraeli as "a crack-brain scribbling bookseller who boasted he had a thousand projects, fancied he had methodised 600, and was ruined by the 50 he executed."

But his book, which appeared first in 1705, contains passages with a contemporaneous ring. For example, he records his father's advice never to risk his own money on any investment if he could use his wife's or a friend's.

Very different is *Memoirs of the Forty-five First Years of the Life of James Lackington*, which he published himself in numerous editions at the turn of the 18th century. Lackington operated in the days when there was no sharp distinction between publisher and bookseller, or between the new and second-hand trades.

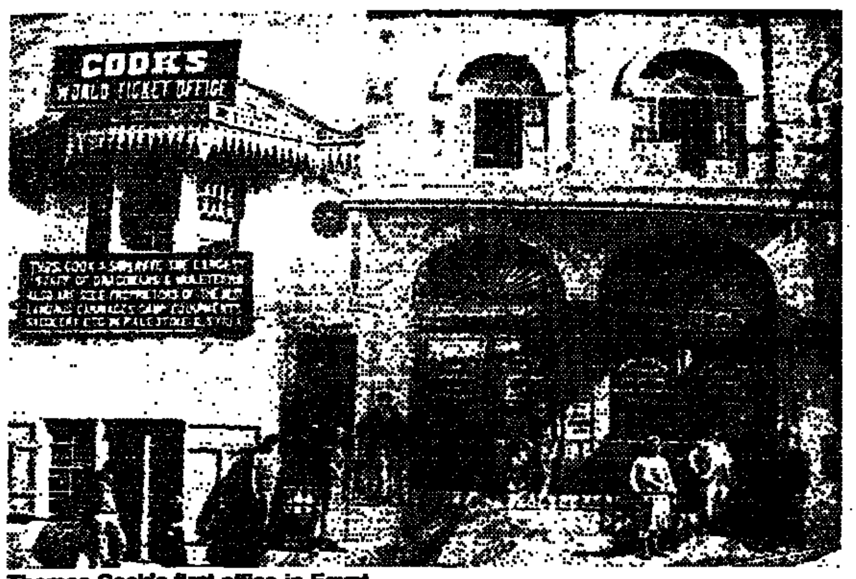
He, too, was proud of having broken through the practices of the trade to build a fortune. The selling space in his huge Temple of the Muses in Finsbury Square, London, was wide enough to allow the Exeter stage-coach to be driven round. His book is a prime source for the historian of the diffusion of ideas, tracing the amazing explosion of the trade which he witnessed during his lifetime. Even farmers and ladies, he noted, now read books.

In modern times, booksellers who have written about their experiences usually have concentrated on famous collectors encountered and rare books recognised, rescued and resold. They lapse easily into a nostalgia for the old days when the shelves were heaped with rarities, forgetting that the customers who could afford to buy their treasures were even rarer. Their stories of ridiculous prices cease quickly to shock in times when inflation is chronic and book prices are galloping out of sight.

Now, we have a new addition to the genre. *Late Booking, My First Twenty-five Years in the Second-hand Book Trade*, by Paul Minet, recalls Lackington's title. This book, too, is published by the author's own publishing house, the Frantic Press, Old Knowle, Frant, East Sussex, for £12. You might also be able to buy it direct from the author whose tall, soldierly figure is a familiar sight at book fairs.

The book trade attracts colourful characters, quite a few of whom are sketched in the book — including Richard Booth who, at one time, proclaimed himself king of an independent Hay-on-Wye. Minet tells no fishermen's stories, although he can remember days when shops offered 10,000 books at five shillings (25p at today's prices) each. He mentions scarcely any title by name and is more interested in the second-hand than the antiquarian side of the business. His book is full of fascinating information about the constantly changing economic conditions which ensure that only the innovative continue to thrive.

Minet began, as do many dealers, by taking a few boxes of books to country markets, and he has tried his hand at many ways of selling. When postage rates began to exceed the value of the books being posted, he moved his stock to central London, only to be driven out again by rising rents. He now runs Baggins Book Bazaar in Rochester, Kent — reputedly England's biggest second-hand bookshop — but intends to open an even bigger one, Oceans of Books, in Chatham Dockyard in 1990. All his many friends, and all lovers of books, will wish him well in his exciting new venture and look forward to paying him a visit.



Thomas Cook's first office in Egypt

They didn't just book it — they Thomas Cooked it

***Christina Lamb** tells why she tried to arrange a parrot-hunting holiday*

JENNY IS on Nigel's lap. Nigel's girlfriend is in a corner with Pete, and Doug is under the table. Six lads from Liverpool are swigging ouzo and singing football songs. The Greek bar owner looks on without surprise. He sees it every night. British holidaymakers on a package tour. Thomas Cook is turning in his grave. When he invented package holidays last century they were known as Temperance Tours, designed to distract people from the evils of drink and nicotine.

The package holiday has changed a bit since the days when factory workers went to Scarborough and ate fish and chips on the beach, and the rich went on Grand Tours of the cultural centres of Europe. In 1988, the British travel industry's best year, 13m people went on package tours abroad, the most popular destinations being the beaches of Spain and Greece. Dearer mortgages cut this to 11.5m this year, the biggest drop for a decade.

It was not until the 1950s that overseas travel became the preserve of all when holidays with pay were introduced and entrepreneurs such as Vladimir Raiks, the Russian founder of Horizon, began chartering planes and buying hotels. But it was Thomas Cook, a half-educated printer cum market gardener, who paved the way, a century before, when, in 1841, he persuaded the newly opened Midland Railway to rent him a train. For the princely sum of one shilling, 1,000 people travelled the 11 miles from Leicester to Loughborough on cattle trucks.

It was an instant hit which was to spark a mass market travel industry today worth millions. With the spread of wealth from the Industrial Revolution, the rising middle class wanted their children to have the same privileges as the rich who sent their offspring on Grand Tours.

Ironically, while most people would think no fortnight in Benidorm complete without sangria, Thomas Cook saw travel as a way to combat alcoholism, an unfortunate by-product of the industrial revolution, as a formerly agricultural population tried to drown life's sorrows in the slums. Cook renounced alcohol and became the secretary for Leicester Temperance Society. The growth of railways inspired Cook to begin Temperance Tours – if he took people out on trips to the country it might take their mind off drink.

After the success of the Loughborough outing Cook began branching out with trips to Liverpool, then Scotland and Wales, using the nationwide network of Temperance Societies as the first travel agents to advertise them. Every trip was a sellout – if people could not afford to pay Cook would take their watch or pipe as deposit.

Unfortunately today's travel agents are less flexible. Hit by mortgage rates that have nearly doubled in the last 18 months, this year has seen a large fall in those taking package holidays. The biggest company, Thomsons, which controls 40 per cent of the market, has already cut 1m holidays, while its main rival Intasun has axed 500,000.

Cook's claims to control 12 per cent of the market – losing its No 1 slot after the Second World War when entrepreneurs moved in with aeroplanes instead of steamers and trains. Cook's first big success was in 1851 when he was asked to organise visitors to the Great Exhibition in Hyde Park. He drew 165,000 people, accommodating them in "dormitories with clean towels and soap." To advertise it he started a newspaper, *The Excursionist*, in which he wrote long preaching articles to working men on travel for self-improvement. He called on managers to "let people travel and have better workers."

He also printed guidebooks, realising that people needed hotel and restaurant recommendations. Cook had few competitors and those he had fell by the wayside. He really was not making money, seeing tourism as more of a social cause. Nothing daunted him. When the Dover Ferry Company refused to transport Cook's first foreign trip to the Paris Exhibition, he rearranged it via Harwich, Holland and down the Rhine. His big continental breakthrough was the Swiss Trip in 1863. Many wanted to see the playground of the rich and the great peaks that British climbers were conquering. The jetset was not enamoured with the onslaught of Cook's tourists, most of whom had never seen mountains before. But they had to admit it had its good side. The influx of tourists looking for more than just a bed for the night meant hotels had to improve standards. In those days Cook's groups were given deluxe treatment – unlike now when too often package tourists are forced to watch other guests in the same hotel being served far more exotic meals.

By 1864 Cook claimed 1m clients but, as he went further afield, they became more upmarket. He opened a London office, run by his son John Mason and there was no stopping him. He went to Italy where the military protected his clients from bandits. He set up an office in Egypt and took a party to the opening of the Suez Canal. Finding no rail or hotels in the Middle East, Cook built his own, setting up a camp in the desert. For 21 clients he had 21 tents, two dining salons, three cooking tents, 65 horses and many servants and dogs.

The ongoing Franco-Prussian war did not stop Cook taking the Archbishop of Canterbury to the Riviera in 1870, shortly before taking over the Nile steamers from the Turks and running a flotilla of 45. Standards were impeccable. Despite poor communications, no menu was served on the Nile boats unless Cook senior had approved them. In the Thomas Cook archives in London, there is a copy of a letter dated 1888 to his son John Mason, complaining in the harshest terms of the wrong brand of soap on the steamer Rameses. Yardleys had been issued instead of Franks.

Cook completed his first Round the World Tour in 1872, the same year as Jules Vernes' fictional Phineas Fogg. From then he was established as the world's greatest travel agent with offices around the globe. The first tour parties from America were brought over and taken to the Passion Play at Oberammergau which, like many events, Cook's had sole concession for until recently. By the end of last century all the crowned heads of Europe had travelled with Cook's.

Although Cook's now lags far behind the market leaders in mass travel, last year it recorded its highest profits – £21.5m – mainly through the lucrative business of money for travellers. Cook introduced circular notes, the forerunner of traveller's cheques, back in 1873, to save tourists carrying gold, which was both dangerous and inconvenient. In those days of stable exchange rates the notes were printed with fixed values in different currencies. This was doing with money what Cook had earlier done with services.

Cook claimed that nothing was impossible, a motto highlighted by a bizarre request from Gladstone's government in 1884 to organise the rescue of General Gordon from Khartoum. It was no easy task. Cook moved 11,000 English and 7,000 Egyptian troops, 130,000 tons of stores, 800 whaleboats, 70,000 tons of coal. It took 28 steamers, 6,000 railtrucks and 650 smallboats, manpower provided by 5,000 men and boys. Gordon signed his letter of thanks to Cook: "Hoping I may perhaps again have the pleasure of placing myself under your guidance I remain ever yours, C.E.Gordon, Major General & Governor General."

After that, transporting pampered Indian maharajas to London in 1887, to attend the celebrations for Queen Victoria's Golden Jubilee, presented little challenge, though one did bring 200 servants, 50 family attendants, 20 chefs, 10 elephants, 33 tigers, 1,000 suitcases and a small howitzer, requiring five floors of the Dorchester.

Nowadays package tourists are too often herded like cattle by couriers whose smiles are greased by commission, but for The Man from Cook's, the emphasis was always on elegance and efficiency. Peter Violet began working as a clerk on the shipping counter in the 1940s at the age of 22. He was expected to handle floods of people trying to emigrate after the war, who sat in queues seven deep with stools and vacuum flasks, women from Mayfair adorned with furs and yappy dogs, and outrageous requests from Indian princes, all without turning a hair.

It was glamorous – dealing with Mountbatten, dining on luxurious cruise ships and rubbing shoulders with nawabs. But, says Violet, it was tough. "We were expected to know everything, from which side of a P&O cruiser got the sun to the times of trains in Switzerland."

A Cook's uniform could open any door. Edmund Swinglehurst, the dashing moustachioed keeper of the Thomas Cook archives, began working as a guide in 1953 taking tourists by train to Spain when Franco opened up. He says: "The power of the Cook uniform was incredible. Once we missed the train at Paris and immediately the station manager put on another."

Everyone who travelled had their "Man at Cook's", and until the 1950s the firm stayed ahead by keeping up with the new. Wintersports were introduced in 1902, charabanc tours from 1903, and by 1919 there were trips by converted bombers. In 1907 the first inclusive package tours as we know them were arranged.

But when holidays with pay were introduced after the Second World War, Cook's was no longer a family business. It was taken over by Cie Wagon Lits in 1928 and during the war captured as enemy property, becoming state-owned. Without the flexibility to innovate, it failed to capture a larger share of a market which had leapt from 1.5m to 5m, all longing to go abroad where there was no rationing. The entrepreneurs moved in, spawning package companies such as Horizon, which chartered propeller aircraft very cheaply, arranged tents in Corsica and advertised holidays at bargain prices, buying into airlines and hotels.

Cook's was reluctant to change to cater for this new demand. Its clientele was middle class, used to certain standards. Swinglehurst explains: "For Cook's to change would be like Harrods turning half its food hall into Tesco. It's against the company's tradition of doing the best."

Now once more in private hands, having been bought by Midland Bank, today it concentrates on marketing other companies' package tours, arranging business trips, and selling money.

Swinglehurst insists that Cooks is still the Harrods of travel. "One can buy anything – why recently we sent some scientists who wanted somewhere with a big difference between day and night, to North Greenland to test jetlag pills." On the way home I tested his claims in my local Cook's. I started with an easy inquiry – train connections between Austria and Hungary. The assistant offered to sell me a timetable. Then the *coup de grace* – could they arrange parrot hunting in Bolivia? The assistant looked at me as if I was possessed and suggested a trip to London Zoo. Thomas Cook would never have allowed that.

Not much time to put the house in order

***David Churchill** on timeshare operators' problems*

UNDERCOVER inspectors, checking on selling methods used by timeshare operators at home and abroad, are the industry's latest ploy to clean up its act. The idea behind the move, announced along with other measures this week, is to stave off direct Government intervention in an industry which seems unable to shake off its shady and crooked image.

There seems little doubt that timesharing is going through its worst crisis for some time. Not only have there been some much publicised allegations of death threats to certain members of timeshare owners' groups, but the industry's fledgling trade association has been rocked by the resignation of the Barratt group, one of the leading players in the timeshare business.

In addition, the Consumers' Association has just produced its most stinging criticisms ever of the way timesharing operates. "What's gone wrong with the 'holidays for a lifetime' industry?" it asks.

The answer, quite simply, is greed. Too many timeshare operators seem more concerned with making a fast buck than with providing consumers with a product of real value.

Timesharing as a concept originated in the mid 1960s in the French Alps, where it became common practice for skiers to buy the right to hotel rooms for a certain number of weeks each year rather than booking them in the normal way.

The idea took off in the early 1970s in the US at a time when inflation and the oil crisis had largely destroyed the market for vacation homes. It then developed in continental Europe in much the same way, as a means of financing some of the booming holiday resorts being built to accommodate the travel boom of the early 1980s. It also seemed attractive to consumers: a guaranteed week or two's accommodation in a resort apartment for a specified number of years absolved holidaymakers of any fears of rising holiday prices.

At the same time, it offered to a much wider market the opportunity of owning a second home. In the housing boom of the 1980s, any investment in property seemed a good idea.

Spending between £2,000 and £10,000 on a timeshare investment (with an average of about £5,000) seemed an ideal way of investing savings or spare funds.

About 180,000 Britons are thought to own a timeshare – and an estimated 3,000 more are sold to British families every month.

Many of these owners are well satisfied with their investment. One report by the Consumers' Association into timesharing found that 60 per cent of the 534 members it surveyed were "very satisfied" with their timeshares.

Equally, however, many other owners are less than happy. Their main concerns are twofold. Firstly, rising maintenance fees – once all the apartments in a timeshare resort are sold – can come as a shock. Maintenance charges on a one-bedroomed apartment at the Lanzarote Beach Club, for example, rose from £40 a week in January 1988 to £155 a week a year later.

The second concern is over the resale value of timeshare properties. The problem is that because the initial marketing costs are so high – just to sell the property – it is unlikely that the price paid for a timeshare can be recovered in the short term. The Consumers' Association, for example, points out that two weeks in a studio apartment at the Club Praia da Oura were on offer from a private seller for less than a fifth of the list price.

It is the marketing methods used by many timeshare developers, however, that have attracted most attention. Specifically, the practice of sending direct mail-shots to consumers suggesting that they have won a prize which, in practice, turns out to be less than the truth. The Advertising Standards Authority and others have taken the operators to task for this, but there are usually loopholes in the present advertising restrictions which enable them to escape penalties.

Equally irritating for many people is the system of accosting holidaymakers while actually on holiday and using hard-sell tactics to persuade them to buy a timeshare.

The Timeshare Developers' Association (TDA) was set up in 1987 to try to stop such selling tactics. However, as the Consumers' Association, points out: "It claims to act a regulatory body, ensuring that harmful practices are wiped out, but that claim rings hollow."

Barratt, one of the founders of the TDA decided last week to pull out and offer its own consumer charter. "The sales techniques used by some in the industry have caused concern," admits Doug Eaton, managing director of Barratt's timeshare operations. "We felt that the TDA was not moving fast enough for us, and that it could hurt our business, to remain a member."

Barratt goes significantly further than TDA recommendations for example, it is offering all timeshare buyers a 14-day cooling-off period in which to change their minds. It also plans to reduce high-pressure selling tactics by, for example, not making special offers or gifts available at the point of sale.

Whether Barratt's move leads to higher standards all round remains to be seen. If not, government action cannot be far away.

Brewing the old way

***Clive Fewins** visits Arkell's in Stow-on-the-Wold*

"BRITAIN's most picturesque brewery," says the entry for Donnington Brewery, near Stow-on-the-Wold, in the 1990 edition of the Camra *Good Beer Guide*. It goes on to eulogise the three draught beers produced by its septuagenarian owner and chief brewer, Claude Arkell.

It could also have added that this is the brewery with the country's smallest chain of tied houses, over which Arkell presides like a benevolent despot, cheerfully flouting all the laws of late 20th-century business.

The empire under his paternalistic rule comprises 15 Cotswold inns, all within a day's horse and cart ride from the brewery. This was the key to the thinking of Richard Arkell, Claude's grandfather, when he set up the Gloucestershire enterprise 124 years ago. The business was run along much the same lines by Herbert Arkell, Claude's father, who took over the reins in 1918 and continued brewing until his death in 1952.

Claude was in his 30s then. "The place was in a terrible mess when I took over," he said. Some would say things haven't changed. Tall and stooping, and with a slight lisp when he is tired after working long hours, Claude Arkell is spare of frame and words. With his well-worn jacket and baggy cords, he looks more like a distracted don than a brewer. He has a staff of seven, including "first lieutenant" Val Teale, "who keeps me out of prison," but their presence doesn't change the unhurried feel of the rambling old building with its delightful happy aroma and aura of a more leisurely age.

The whole place has a timeless quality, but for Claude Arkell the sands are running out. He and his French-born wife are childless, so unless his nephew in Australia changes his mind and returns to run the business there will be no Arkell at the mash tun after Claude retires or dies.

The latter is likely to come first. Who, after all, could be prised away by retirement from the sort of tranquil, fulfilled way of life Claude Arkell has always led? He was born at the brewery, went to school and agricultural college, farmed the 300 acres (it was 500 then), spent the Second World War training fighter pilots, then returned to the brewery to act as brewer and second-in-command until his father died.

Originally a cloth mill, then a corn mill and a bakery, Donnington brewery still uses water power to run the main hoist, the mashing machine, and also the wort pump which transfers the embryo beer from stage to stage round the upper floor of the building. "Water power is the most economical method of carrying out these processes. It's on tap, and has useful variable speeds. So why not use it?" Arkell says.

The water wheel is not the only low-tech surprise in a business where most of the letters are written by hand and advertising extends to just two publications – the parish magazine and the local Red Cross newsletter. Arkell belongs to the generation which would not think of buying anything new if it is possible to make do with the existing. Why should he? It produces a product that is legendary in the Cotswolds and in demand much further afield than the free trade outlets that he agrees to supply.

The latter are all relatively local, as Arkell insists on delivering his own beer, quite often driving the lorry himself. His beer does not taste its best after travelling long distances, he says, so he won't sell to agencies.

It is a soft pint, probably conditioned more than anything by the quality of the water ("liquor"), which is drawn straight from a spring in the brewery grounds that is one of the sources of the little river Dickler. It contains an ideal blend of magnesium and sulphates.

The result is that Donnington's ales lack the harshness of many of the products of the big breweries, with their chemically treated liquor. Arkell calls it "hangover-free," basically because it contains no additives. He insists on using only the best-quality malt and local Worcestershire hops. Unlike most other brewers he uses no palate-drying sulphur dioxide to preserve the beer.

"Most breweries treat their liquor in order to get a higher yield from their raw materials," he said. "I tried it once. I certainly found I used less malt, but I heard pretty quickly that the locals had detected a change they didn't like, so I stopped. That was about 15 years ago and it was the last time I mucked about with the beer."

Although he makes light of it, Claude Arkell goes to great lengths to get a brew right. That includes popping into the building at all hours from his adjacent house. Most weekends will find him checking temperatures, skimming the beer or experimenting with the new industrial vacuum cleaner he is cautiously using nowadays to suck off the surplus yeast that froths on top of the fermentation vats.

He last went on holiday 25 years ago – to Paris, where he and his wife experienced the 1964 student riots. Since then he has preferred the quiet of his Cotswold retreat, his large mill pond with its huge trout, and his prized array of ornamental water fowl, and the surrounding wildlife. "Out here in the sticks I don't need a holiday. I live on the scenery."

Although he has a staff of seven Arkell does virtually all the brewing himself. He makes few claims to be good at it, but one senses that he still does it because of the deep satisfaction it brings to know that he has got it just right, and because deep down there is a belief that an Arkell should be at the helm, brewing "the family poison," as he calls it. "I'm still learning," he says with a smile when quizzed on the subject.

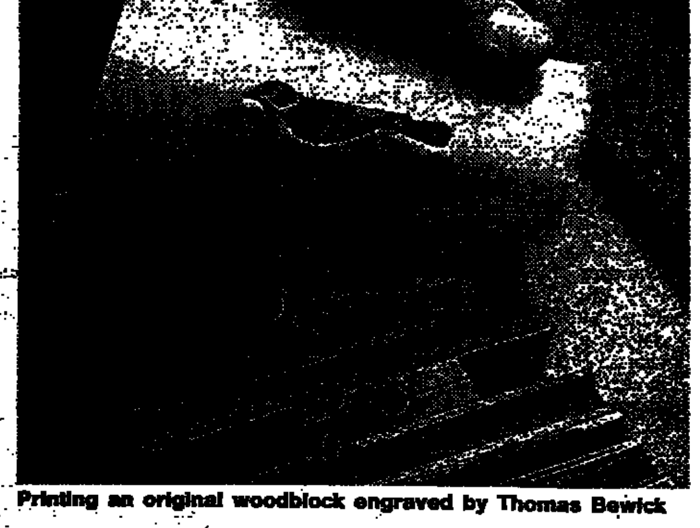
Claude Arkell: the life of a drinking man

Things will never be quite the same when Claude Arkell leaves the scene. He is understandably reticent on the subject but is quietly optimistic that there are "people around" who could find the £8m to £10m needed to buy the brewery, the land, the tied houses his men all live in, and the 16 stone-built pubs.

"All it needs is someone with money who is content to make a small return on capital [he turns over £¾m a year] and who enjoys the satisfaction of this style of life," he says.

The Genius of the Place

The birds of Bewick



Printing an original woodblock engraved by Thomas Bewick

IF I WERE a wizard my familiar would be a robin – the one who shares my task of turning over the vegetable patch, looks around the kitchen door at baking time and challenges birds three times his size which invade our territory.

Robin – he breakfasts on a stale croissant as I write – is a fellow. It is the sort of fellowship that gives so many of us pleasure from watching birds. However, ornithological affections are not universal – I think bird-watching is peculiarly British. To an Italian, my robin is good for no more than target practice.

Few Italians will have heard of Bewick, in spite of Ruskin's salutation of him as "the Veronese of wood-engravers." To say that Bewick was a father of bird-watching means more that the association of his name with a type of swan. His *History of British Birds*, of which the first volume appeared in 1797, created new ways of looking at birds. Birds were known to have characteristics, but Bewick made it evident they had characters too.

His text was eclectic and compendious. Scientifically it now seems immature, but it is rich with personal knowledge, as are the illustrations. Birds have been drawn differently, but not better. Bewick was a countryman, a dawn riser. Apprenticed in Newcastle at 14, his life's work might well have consisted of several thousand coffin-plates had he not returned to the place of his birth and childhood.

This was Cherryburn, a small holding in the Tyne Valley whose surrounds remain much as Bewick knew them, and whose precincts have been made into a working museum of Bewick's life and achievements. The yards are populated by ducks and geese. A pig browses nearby, and if you follow a faint trail of pipe smoke, you may come across the curator bending over an antique printing press.

Many of the wood blocks cut by Bewick have survived: the details of his birds, quadrupeds and rustic vignettes are as clear as ever. In fact – thanks to better inks and less rickety supports for the press – they are even clearer.

Bewick's workshop was established in Newcastle, but his mind's eye was never far from Cherryburn. In his own time he was valued and offered work in London – but where in London would he have found the holms and dells that supported his imagination?

Bewick was a master craftsman, not a great artist – what sets him apart is not just the finesse of his line, nor his commitment to natural history. It is the steady cross-hatching of morality in his work. "A good naturalist," Bewick maintained, "cannot be a bad man."

The illustration of Aesop was an obvious project for one who believed in the rectitude of Mother Nature. Bewick's celebrated tail-pieces – miniscule visual narratives punctuating the discourse of his books – come from rural life. A toddler tugs the tail of a cart-horse. As it prepares to deliver a fatal kick, the infant's mother screams from a gate. Mothers, keep your children in view.

What befalls the chick that strays from the brood? Bewick is not famed as a social reformer, but his faith in nature led to some interesting proposals – I like his idea that prostitutes should be taken off the streets and trained as florists.

To liken Bewick to Brueghel (as Llewelyn Powys did) is wrong: Bewick was no "mule-headed son of the sod," but a modest ideological colleague of Wordsworth. I find that men and women who walk hills and watch birds are persons of distinctive gentility. Cherryburn is just such a place for these gentlefolk – 10,000 of them visited it in 1989, its first full year as a museum.

The Thomas Bewick Birthplace Trust is open Tuesday – Sunday 10.00 am to 5.00 pm all year round. For details telephone 0661 843276.

Nigel Spivey

Bridge

BOTH HANDS today are from rubber bridge. We look first at Foolish Cover:

N
♠ J 8 6 5 4
♥ A Q 8
♦ K 6
♣ K 5 2

W
♠ 7
♥ 6 5 2
♦ Q J 10 4 2
♣ 10 8 7 3

E
♠ 9 3
♥ K J 10 7
♦ A 9 7 3
♣ J 9 6

S
♠ A K Q 10 2
♥ 9 4 3
♦ 8 5
♣ A Q 4

With neither side vulnerable South dealt and bid one spade and North's raise to four spades concluded the brief auction. West opened with the diamond queen.

The declarer could count nine tricks and decided to rely on the heart finesse for the 10th. He covered the queen with dummy's king, East won and led back the nine – a suit preference signal asking for a heart return.

West won and duly led the six of hearts, the queen lost to the king and East returned the knave to the ace. South could not avoid the loss of another heart loser and the contract was defeated by one trick.

Better technique lands the contract. The declarer must not play dummy's king at trick one. West continues with a second diamond and East takes with his ace.

Now, however, he cannot get his partner in to lead a heart, so he plays a spade. South wins, draws another round of trumps, makes king, queen, ace of clubs, and leads a heart, finessing the eight. East wins, and is endplayed. He must led into the heart tenace, or concede a ruff discard.

Wait a minute, you say, what happens if West leads the heart six at trick two? No problem. Declarer wins with the ace in dummy, draws trumps, eliminates clubs, and throws East in with a diamond. East can score his heart king, but South collects the rest of the tricks.

This hand was dealt by North with both sides vulnerable:

N
♠ K 6 5
♥ Q 6
♦ A K Q 7 3
♣ 5 4 3

W
♠ A 7 3
♥ J 5 2
♦ 10 4
♣ K 10 8 7 2

E
♠ J 10 9 2
♥ A 8 7 3
♦ 8 6 5
♣ 9 6

S
♠ Q 8 4
♥ K 10 9 4
♦ J 9 2
♣ A Q J

North bid one diamond, South replied with one heart, and went three no trumps over North's rebid of two diamonds. West led the seven of clubs. Winning East's nine with his queen, South played the four of hearts to dummy's queen. East took, and returned a club. Winning with his ace, the declarer cashed five diamonds, on which West threw the five of hearts and seven and three of spades. South led the six of hearts from the table and finessed his nine. West won, and the contract was lost.

South could have done much better. The winning line is to cross to the diamond queen at trick two, and return the six of hearts.

If West jumps up with his ace, he gives South two tricks in hearts (three, as the cards lie) and that is enough for contract.

If West should hold the ace and win, he cannot play a club with any advantage, and the tempo gained lets the declarer establish a spade for the ninth trick. Not difficult – and South should not have missed it.

E.P.C. Cotter

BOOKS

A poet's power of survival

Anthony Curtis reflects on the life and times of the author of Dr Zhivago

BORIS PASTERNAK: A BIOGRAPHY
by Peter Levi
Hutchinson £17.95, 310 pages

BORIS PASTERNAK: THE TRAGIC YEARS 1930-60
by Evgeny Pasternak
Collins Harvill £15.00, 278 pages

SECOND NATURE
Poems by Boris Pasternak translated by Andrei Navrozov
Peter Owen £13.95, 83 pages

WHEN *DR Zhivago* was published in 1958 it was acclaimed throughout the West as wholeheartedly as it was reviled by the official Writers' Union in Russia.

The American critic Edmund Wilson gave the novel his accolade in an article in the New Yorker. He was at pains to point out the importance of the 40-page poetry section at the end, and to insist that the underlying theme of a painful progress towards rebirth only fully emerged if one regarded the poems and the prose narrative as a whole. For Pasternak, writing poetry had been a preparation for writing prose.

Peter Levi, in his biography of Pasternak, also pays particular attention to the novel's coda of poetry. He shows how the poems reflect Pasternak's obsession with *Hamlet*, which he had translated for the stage, and his consciousness of Christianity. "Those of the poems," writes Levi, "that are not about fear like *Hamlet's* . . . are all touched with the Resurrection."

If this interpretation is accurate, then there could be no more appropriate moment to mark the centenary of Pasternak's birth, as in Eastern Europe the end of tragedy has been signalled with carnage and with hope. Pasternak died at the age of 70, only two years after *Zhivago* had seen the light of day. Its appearance, in a translation which had been the work of the Italian publisher Feltrinelli, went ahead against the author's will. He had given a series of readings from the novel while it was in progress to friends and groups of writers and he had had some enthusiastic responses privately, but the official reaction was completely negative and prohibitive.

Retribution came swiftly, and in the first instance was directed not against the author but against his mistress, Olga Ivinskaya, an employee of the literary journal *Novy Mir*. Then Pasternak was awarded the Nobel Prize for Literature. It is never given for a single book, but the message was clear and he was forced publicly to renounce a prize which he had never wanted.

Sad as it is to read of the continual harassment suffered by a poet who is regarded by those capable of reading him in the original as the peer of Yeats or Eliot, we are forcibly reminded by these biographies of the passionate intensity of literary life in Russia both before and after the Revolution. We are in a society where literature is a communal activity, not a solitary one; where the image of society and of history presented by poets and novelists is of supreme importance. Readings and discussions, statements of aims, grouping and regrouping of artists and poets with common objectives, secession and repudiation, are a continual strenuous process.

For Pasternak it was a fact of his life from early childhood. His father, Leonid Pasternak, was a painter, his mother a pianist and music teacher. He grew up in a world where artistic values predominated but where violence was endemic. Then "One day in February, (1905)" writes Levi, "the family were deep in breakfast conversation about the perfect forms of nature and the lines of beauty and art . . . There was an almighty bang . . . That was the death of the grand duke in the Gateway of the Kremlin."

Among the acquaintances of his parents young Boris found his first role models; among the earliest were the composer Scriabin and, more lastingly for his career once he had ditched music, the poet Alexander Blok. Levi paints a lively picture of the literary world both before and after the Revolution. Among the writers who became friends or colleagues, such as Mayakovsky, Tsvetayeva, Mandelstam, Pasternak seems to be alone in not being arrested and going to jail, and in not dying untimely by his own hand or in prison.

Neither Levi nor the detailed account of Pasternak's mature period from 1930 to 1960 by his son, Evgeny Pasternak, which contains personal memories, fully explains Pasternak's remarkable power of survival. He was certainly never a trimmer, and often took terrible risks in refusing to toe the party line. Nadezhda Mandelstam described him as a "domesticated creature of a familiar Moscow type, very much attached to the comforts of his home and his dacha in the country" but bound nevertheless to end in complete isolation. Her account in *Hope Against Hope* of Pasternak's curious telephone conversation with Stalin after the arrest of her husband Osip should be read alongside the ones given here and the same episode re-enacted in the South Bank Show film.

For all his greatness Pasternak has a vulnerability, even at times a palpable weakness, particularly in his amours – two wives and a long-time mistress, apart from any unrecorded affairs – that makes him engagingly human. To get on any kind of terms with him as a poet is more difficult for the non-Russian speaker. Levi gives us his own verse translations throughout his text and quotes from those by Lowell in *Imitations*. To these must now be added those by Andrei Navrozov, who includes an essay on the problems involved. But if the greatness of the poetry must for most of us be taken on trust, happily there is – much more accessibly – *Dr Zhivago*, perhaps the most poetic novel ever written.

Yuri Annenkov's drawing of Boris Pasternak in *Second Nature*

Was Welles drained dry by Citizen Kane?

Nigel Andrews on a new biography of the actor

CITIZEN WELLES
by Frank Brady
Hodder & Stoughton £18.95, 626 pages

THE FIRST glimpse of our hero is as a 10-year-old schoolboy delivering an art lecture to fellow pupils. His assault on his own school's teaching methods shocks his superiors and hits the local headlines. "If the public school system needs criticising," the pre-teen Orson Welles is quoted as declaring, "then *I* will criticize it."

Attaboy.

Movie history's greatest sadness is that this young Hotspur, born to goad and sting his betters, ended up as an ageing Falstaff, goaded and scorned by his inferiors. Frank Brady's splendid new biography, *Citizen Welles*, traces the deadly arc. Storming Hollywood at age 26 with *Citizen Kane*, Welles spent the remaining 54 years of his life trying to live up to that sweet and impudent triumph.

The failures were the more agonizing for the flashes of brilliance they showed. *The Magnificent Ambersons* was magnificent in parts, cumbersome as a whole. *The Lady From Shanghai* and *Touch Of Evil* were serpentine creations weaving between beauty and banality. And the Shakespeare films were beetling walls of bombast lit by the occasional trickle of wit and insight.

We are invited here, as in almost all Welles studies to date, to roar with rage at Hollywood's refusal to fund the great man's later projects. But the question to be asked, extraordinary as it seems after *Citizen Kane*, is "How much talent did Welles really have?"

Kane succeeded because it was sublimated autobiography. Using William Randolph Hearst as a mask, Welles made a movie about himself. It was a film that gathered up all his beloved obsessions: with art, with media and communications (the "March Of Time" newsreel, the newspaper offices), with the glory of a career built on impudent energy, with controlled hyperbole as visual style.

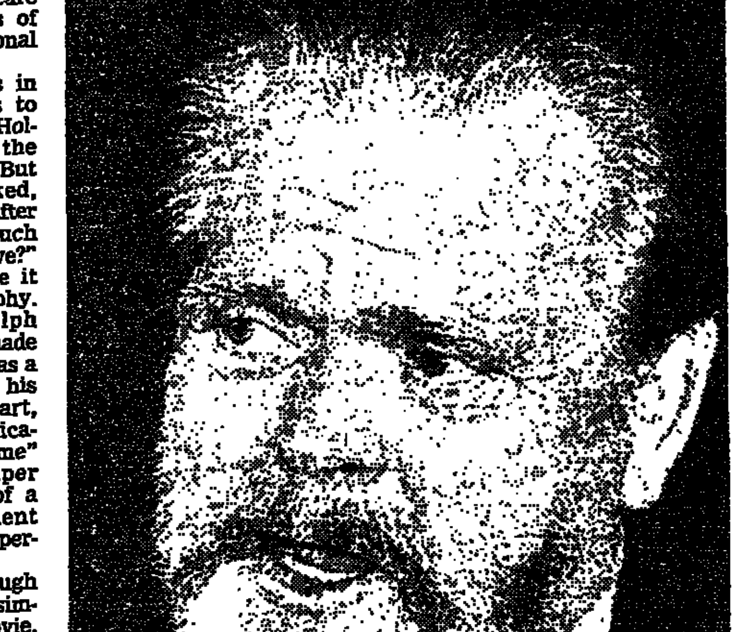
It could be argued – though it seldom is – that Welles simply ran dry after this movie. However often you lowered the bucket, it would never come up full again, nor even half full. And however much critics might rail at Hollywood for refusing to give Welles a blank cheque, perhaps Hollywood was right. There were simply no more Welles masterpieces in prospect.

Brady's book declines to grasp this nettle. As a result, the final chapters have a "Here we go again" feel as we watch the ritualistic chastising of the Tinseltown establishment by the Welles loyalists. Even the witnesses – Welles's director friends Henry Jaglom and Peter Bogdanovich; his helpmeet of later years Oja Kodar – have a wheeled-on-before look. They bore much the same witness in the last Welles bio-blockbuster, by Barbara Leaming.

Where Brady scores is in his superbly detailed survey of the early years: the playboy romances and marriages (Dolores Del Rio, Rita Hayworth), the imperial delight Welles took in conquering different media (stage, radio, screen), the astounding speed with which he learned the rules of movie-making and then did much as he liked with them for his first and greatest film. *Citizen Kane* may not be the profoundest feature debut in movie history. It is certainly the most brilliant and innovative.

As a self-portrait it has also proved one of the most prophetic. Charles Foster Kane, like George Orson Welles, is a man of resistless energy and barnstorming charm: and a man whose tragedy lies in the too-swift perishability of those qualities. A newspaper tycoon, like a film-maker, can orchestrate other talents into a music that sounds like his own. But how potent, plausible or personal will that music seem as its first freshness wears off, and as the employed talents keep changing around their co-ordinator?

Welles may well have been an artist with only one tune: and an artist who even for that tune needed the best workers Hollywood could provide. Perhaps *Citizen Kane*, masterpiece as it is, is not just the greatest film in cinema history but the greatest fluke.



Orson Welles: the young Hotspur ended up an ageing Falstaff

Brightest wartime bard

NEW AND COLLECTED POEMS
by Richard Wilbur
Faber & Faber £20.00, 393 pages

ALTHOUGH IT was not always fashionable to say so, Richard Wilbur was the brightest and best of that talented trio of young American poets who dazzled our weary eyes in the 1940s. The other two, Lowell and Berryman, had not seen war service, and it showed. Whereas Lowell in *Lord Weary's Castle* and Berryman in *The Dispossessed* developed a convoluted, introspective style, Wilbur – who served with the 36th Infantry – produced poems with such titles as "The Eyes of an SS Officer," "Place Pigalle" and "Caserta Garden."

But not exclusively, and not for long. In *The Beautiful Changes*, published when he was 26, there was already ample evidence of that elegance of imagination which was to be so apparent in *Ceremony*. Before he was 30 he had given us those poems by which he will always be remembered: "Then," "A World Without Objects is a Sensible Emptiness," "The Pardon," "In the Elegy Season," "Year's End," "Still, Citizen Sparrow," "The Death of a Toad."

Is this why, reversing the usual chronological order, he has printed these superb artefacts at the end instead of the beginning of *New and Collected Poems*? He did it once before in 1963 when he put *Advice to a Prophet* and *Things of this World* before his first two books. Did he fear then, as now, that he never could reproduce in later life the fine careless rapture of his twenties?

He need not have worried. Now, in his sixties, he is still writing poems which are as good as any being produced today. True, they are different. Like Lowell and Berryman, Wilbur suffered a sea–change when the full force of the Beat and Black Mountain examples changed the temper of American verse. But he never altered his style as radically as Lowell did in *Life Portraits* or Berryman in *The Dream Songs*. Poems like "On the Marginal Way" marry the best of his early manner – a modern metaphysical style – with a refreshingly easy-going idiom.

Richard Wilbur

Apart from his play translations, one from Molière and two from Racine, Wilbur has produced two books for children, a collection of prose pieces and seven books of verse. It was in recognition of his outstanding contribution to American letters that he was appointed Poet Laureate of the United States in 1987.

The spur for this was the cantata "On Freedom's Ground," which he wrote in collaboration with William Schuman and which was first performed at Lincoln Center in October 1986. It celebrates the centennial of the Statue of Liberty and is the model of the sort of verse a laureate ought, but rarely does, write.

"It was an English thought" says Wilbur ironically "/That there is no just government/ Unless by free consent /And in that English cause we fought."

Apart from the inclusion of these "Words for Music" in *New Poems* Wilbur continues to show that felicity in translating Baudelaire, Valéry, Villon and latterly Joseph Brodsky and Andrei Voznesensky which has been apparent since the 1950s. But it is in the personal poems that he shows his true measure. The mellowness of 66 years has replaced the cleverness of 26. In "The Ride" – without fear of being accused of imitation – he strikes the note that Robert Frost achieved in Pandit Nehru's favourite poem, "Stopping by Woods on a Snowy Evening:" "The horse beneath me seemed/ To know what course to steer/ Through the horror of snow I dreamed/ And so I had no fear." He achieves the same felicitous tone in "Orchard Trees, January."

There is a satisfying simplicity here which only 40 years of worrying at words can produce. *Ars longa; vita brevis*. Now that Lowell and Berryman are dead let us hope that Richard Wilbur will live as long as his appearance has always promised.

Geoffrey Moore

Monument to Mann

THOMAS MANN AND HIS FAMILY
by Marcel Reich-Ranicki translated by Ralph Manheim
Collins £20.00, 230 pages

FIRST, THE good news about *Thomas Mann and His Family*. It is not, as the title suggests, a cosy, real-life *Buddenbrooks Revisited*. Then the bad news. It is the tale of an old man of letters, respected, prolific, pompous, soberly talented, conservative to the core and deeply uncomfortable in the 20th century. His name is Marcel Reich-Ranicki and his alter ego is Thomas Mann.

Seldom can biographer and biographied be more closely identified. In Germany, Reich-Ranicki is a leading critic known, as much for his authoritarian manner as for his illiberal views, as the Pope. His lost paradise is the 19th century bourgeois stolidity that he sees as the shared property of Proust and Mann; clamouring from the gates of hell are the feminists and Marxists who would make Mann their own – a writer selected by his subject, a bourgeois who couldn't help recognising that his time was up.

Reich-Ranicki has no time for vulgar dissenters, polishes them off in a few paragraphs here and there, gives you a fine insight into German academic backbiting – ponderous but deadly – on the way, and gets on with the real business of his book, which is, via diaries and letters, to "demonumentalise" his subject.

The problem is that Mann saw himself as something of a monument. When the philosopher Lessing was murdered by the Nazis in 1933, Mann recorded his shock. "Such an end fills me with horror," he wrote, "not because it is an end, but because it is so wretched – suitable for a Lessing but not for me." Later, the diary for August 6, 1945 reads "Went to Westwood to buy shoes and coloured shirts. First raid on Japan with bombs utilising the energy of a split atom (uranium)." To cheer us up, Reich-Ranicki explains that Kafka was just as monstrously egoistical: "Germany declared war on Russia. Swimming lesson in the afternoon" is his diary entry for August 2, 1914.

Such, says Reich-Ranicki, is the price of genius, which gives him an excuse to catalogue most of Mann's other vices. In the unlovely chatter that follows, there are some easy victories – compare, for example, the congratulatory letters Thomas wrote to those members of his family unwise enough to publish books of their own, with the hastily scrawled notes to reviewers instructing that they should be panned – and some incidental pleasures; no great scenes, though, emerge from this series of quirky sketches.

Deftly, Reich-Ranicki moves his dynasty from ivory tower to political hothouse and back. He is good on the feud with brother Heinrich, never forgiven for his single success with *Man of Straw*, but even here the implication – that, politically, Thomas sleepwalked his way through Weimar Germany while his tinsel-fiction brother foresaw the Nazi terror in 1918 – is not fully analysed. The gawky style, infuriatingly coy when hovering around Mann's homosexuality, does not make things any clearer.

In a sense, Reich-Ranicki knows his subjects too well. He expects us to be as familiar with them as he is himself, but he forgets to give us the evidence behind his speculations and so his characters are talked up into stereotypes. Thomas Mann is "the Hanseatic burgher with a longing to travel among the gypsies;" Klaus Mann is the black sheep "from the start marked down for suicide;" Erika Mann is "as beautiful as a war goddess and as domineering as an Amazon." There may be a chip or two on the surface, but few biographies sustain such granite monuments.

Jackie Wullschlager

Fiction

Through an artist's eye

THE PAINTER'S CONFESSIONS
by Philip Callow
Allison and Busby. £11.95. 286 pages

MYSELF AND MARCO POLO
by Paul Griffiths
Chatto and Windus. £12.95. 181 pages

THE PEOPLE AND UNCOLLECTED STORIES
by Bernard Malamud
Chatto and Windus. £12.95. 269 pages

PHILIP CALLOW has published 12 novels, but none in the past decade. And people forget. *The Painter's Confessions* should remind them, and perhaps even more the reprint, by the same publisher, of his remarkable trilogy which began with *Going to the Moon* in 1968.

Too often compared with D H Lawrence, Callow has a voice which is very much his own; he shows not just intense nervous energy but what seem to be painful nerve ends, an openness to feeling, to suffering and joy at simple, almost primitive, levels. What moves him moves the reader. The slant of the world seems his; he has a hold on nature, on the roots of feeling.

Whether the book would strike a painter as it strikes a general reader is hard to know. But what Callow is concerned with here is relationships between people and, secondarily I feel, the artist's rôle and his relation to life. In trying to convey the creative process, he uses drawings and water colours to make his points; he might equally well have used the writer dealing with language.

Francis is a painter, not famous but, in middle age, admired by some and collected by a few. Maggie, his muse, a simple, loving girl, leaves him in order to marry; Della, his American wife, drifts away, finally to New York; Vivien, his adored sister, haphazardly wretched in a world of sheer muddle, dies in a suicide pact with the woman she loves.

Drawn back to Maggie, now middle-aged and family-centred, Francis gazes about him at the meal she has prepared. "Juices from each pleasure ran and mingled in one repast," Callow writes characteristically. An underrated author, now confident of his own methods, he is unique in the particular corner of human experience he has made his own.

Myself and Marco Polo is a first novel but its author is no novice, having written extensively about music. The writing is so fluent one recognises the experienced hand; it is also highly entertaining and unperturbed about time, space and conventional coherence. Short exuberant chapters shift without excuse from talk in a late 13th century Venetian prison to American telephone chats or games of Monopoly in Eastbourne hotels.

Rustichello is Marco Polo's scribe but finds himself describing adventures never experienced, Eastern wonders never seen. When Polo grumpily objects, Rustichello pleads the cause of invention; and when the modern world intrudes ("Hi there! it's Marco . . . Marco! . . . Marco Polo? You know, Venetia High and all that?") he has clearly won his case. If Callow's novel ponders on the nature of art, this one does the same in a more lighthearted way, putting its ideas into more bizarre forms.

Bernard Malamud died four years ago, leaving an unfinished novel and some uncollected short stories. Here they all are. It seems he was a meticulous collector and rewriter so he might not have been satisfied with the first draft of *The People*, a novel about a Jewish immigrant to America after the Civil War who, rather abruptly, becomes chief of an Indian tribe being chased out of its territory. The arrangement of the various battles fought with American troops is ragged and things happen before we are emotionally prepared for them. But the stories, which presumably Malamud honed to his own satisfaction, are wonderful glimpses into the human condition: plain; memorable; sometimes perfect.

Isabel Quigly

Crime

A dance to the death

PETER DICKINSON is wonderful. Though he receives, deservedly, enthusiastic praise, it seems never to go to his head. His novels have not become long and ponderous (indeed, they are more terse than ever); his protagonists have not turned into pretentious sages, his stories remain miraculously inventive, with no self-repetition.

True, in Skeleton-in-Waiting (Bodley Head, £10.95) he has returned to a family brilliantly created in an earlier book (*King and Joker*); but he takes a wry and amusing look at a new generation.

The family are the Windsors: an imaginary but thoroughly convincing branch. Dickinson pretends that the Duke of Clarence, Albert Victor, a somewhat unsatisfactory son of Edward VII, did not die in 1887 but survived, married poor "May of Teck," reigned as Victor I, and had issue.

Now (the new book is set in 1987) his grandson is King Victor II; and the novel focuses on the king's daughter, Princess Louise, a girl of whom any family would be proud. The author seems to have an uncanny sense of the problems that beset royalty and at the same time he sympathetically observes family quirks – private anxieties as well as public responsibilities. A book that should win the heart of the stoutest anti-monarchist.

One generation of ballet-lovers was mesmerised by *The Turning-point*; an older generation thrilled to *The Red Shoes*. Diana Ramsey's Four Steps to Death (Collins, £10.95) is a wonderful antidote to memories of both: unsentimental, sweaty, bitchy and convincing (it really should be reviewed by Clement Crisp rather than your crime expert).

Maggie Tremayne is the Shirley Maclaine figure, sort of; and the murder victim is more on the order of Anne Bancroft. But the setting and the characterisation are really original, and they are only two of the good things about the novel; two others are the witty prose and the excellently worked out plot.

In Bob Cook's Paper Chase (Gollancz, £11.95), four retired agents, formerly of MI5 and MI6, are offended by the new directorship. Collectively the outraged duffers write a book of absurd, fictional memoirs. The book is, of course, immediately banned in Britain and becomes a runaway best-seller in the US.

More important, the elderly quartet is hired to investigate some killings. They succeed not only in solving the mystery but also in embarrassing their whippersnapper successors. Totally delightful.

William Weaver

Hazardous paths

THE MEDIEVAL TRAVELLER
by Norbert Ohler translated by C. Hillier
The Boydell Press £19.50, 245 pages

ONE IS astonished at how much travelling there was in the Middle Ages, when one thinks of the difficulties and dangers. However, death was as near if one stayed at home. Kings and courtiers, barons and bishops, seldom stayed in one place for long. Needs must, for apart from their duties they had to eat off the produce of their scattered lands. Then there were merchants, traders, pilgrims, pirates, robbers, all the diverse members of society depicted in Chaucer's *Canterbury Tales*.

The three main targets for Christians were Jerusalem, Rome, Santiago de Compostelia; for Moslems, Mecca. Hundreds of thousands of people were perpetually moving about along the primitive roads and tracks. Most people travelled on foot; grander persons had maps and guides, their medieval Michelins.

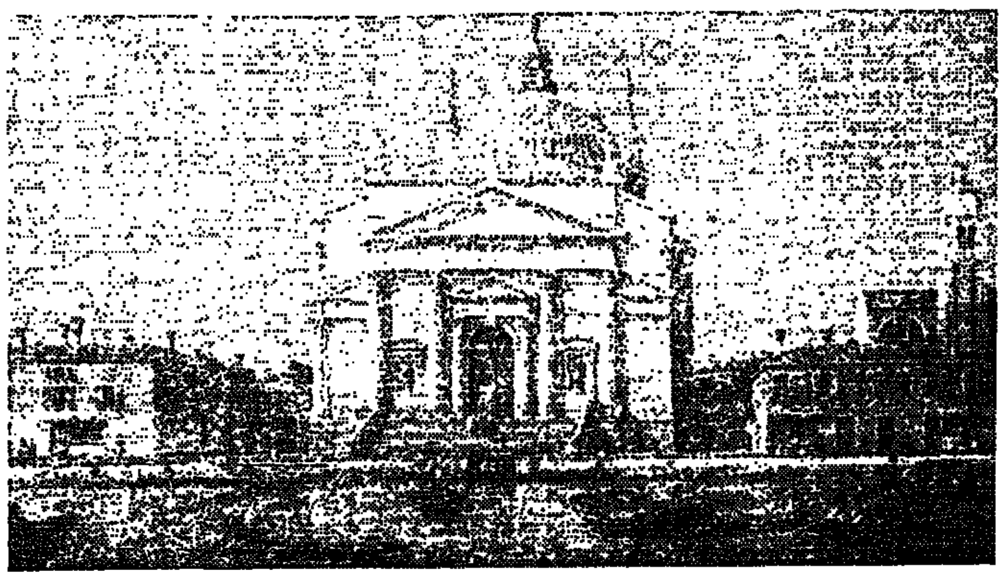
This book gives one plenty of information as to conditions of travel: one could stay at inns, like Chaucer's Tabard in Southwark. One slept naked in bed, but warmed by two or three others. Medieval people were free and easy about sex, haphazard about life.

It is astonishing that Christians like Marco Polo traversed the whole of central Asia and got to China, which they regarded as the best-regulated of societies. Among the hazards one had not thought of date wine as giving one diarrhoea.

The illustrations are wonderfully informative, many quite unfamiliar. The book is no less so, well translated from German.

A.L. Rowse

ARTS



Venetian views are still popular: Canaletto's view of Il Redentore made $1.6m in New York

Saleroom

Tumultuous times

THE FIRST week of the art market year has begun in tumultuous fashion in New York with Christie's failing to sell a Bernini bronze which was expected to top $7m; Sotheby's announcing that it was changing its money making ways and in future would refuse loans to purchasers when the work of art to be bought was the only collateral on offer; and with demand for Old Master pictures showing a more selective tendency than was apparent in 1989.

The week ended on a more sober note with Sotheby's selling as one lot twenty drawings by the High Renaissance Italian artist Federico Zuccaro, depicting the early life of his brother Taddeo, for $2.5m (£1.5m), exactly on target. They were bought by Finacor Art, one of the new breed of art investment companies who have infiltrated the market in the last few years.

The drawings were sold by the British Rail Pension Fund, which had acquired them in the 1970s when it was investing in art. When the Fund sold its Old Master prints three years ago the results were mixed and it recently disposed of some of its Old Master drawings privately, to the Institute of Art in Chigaco. But a group of 64 lots, mainly drawings by the Zuccaro brothers and their contemporaries, were offered on Thursday evening through Sotheby's and in total they enriched the Fund's pensioners by $4.5m (£2.7m): all sold.

Their provenance was excellent, being once owned by the President of the Royal Academy, Sir Thomas Lawrence. Even so, by the mid-19th century the group changed hands at Christie's for less than £50. Finacor also bought the most expensive single drawing, "The Battle of Cosa," by Taddeo Zuccaro for $319,000 (£192,000).

Sotheby's major Old Master sale was similar to Christie's, doing reasonably well but with some major lots failing to sell. A Claude river landscape was the main casualty, being bought in at $1.9m (£1.2m). In contrast, Venetian views retain their popularity and a Canaletto of the church of Il redentore doubled its estimate at $1.6m (£960,000). There were also records for the early 15th century Italian artist Arcangelo di Cola – a pair of gold ground paintings of the Annunciation selling for $1.1m (£660,000), and for Balthasar van der Ast, a 1623 still life doubling forecast at $935,000 (£562,000).

Sotheby's Old Master total of $20m (£12m.), with 18 per cent unsold) was almost identical to that of Christie's a day earlier. Although the Bernini missed its target by $1m, Christie's did set a record of $2.97m (£1.8m) for a recently rediscovered work by Veronese, "Cupid disarmed by Venus."

The Australian millionaire Alan Bond continues to dog Sotheby's and the art market. When the saleroom agreed to loan him half the purchase price of Van Gogh's "Irises" in 1987, (which turned out to be the most expensive work of art sold at auction with a final price of $53.9m) it was unleashing forces which have caused it endless trouble. Mr Bond still owes Sotheby's well over $10m (although it is collecting generous interest payments on the debt) and it announced this week that it would never again advance money to purchasers with the work of art as the collateral. It has brought it too much bad publicity.

As for "Irises:" Mr Bond has received many offers for it, including one of $65m, but at the moment prospective buyers believe that the price will fall while Mr Bond believes that its value will rise, thus creating a stalemate.

Antony Thorncroft

Laughing all the way

***William Packer** reviews Frans Hals at the Royal Academy*

TODAY THE Royal Academy opens its doors on its major exhibition for the New Year, a full study of the great Dutch master of the 17th century, Frans Hals.

It stands in the great tradition of old master exhibitions at the Academy, whose initiative it was in collaboration with The National Gallery of Art, Washington where it was first shown, and the Frans Halsmuseum in Haarlem where it goes next. It is the first full study of Hals since 1962 and gives the lie to the common plaint that nowadays such rich visual treats seem to pass London by.

Hals is sponsored by Unilever and remains at the Academy until April 8. The catalogue, beautifully produced and heavy as befits its subject, is a symposium of the latest Hals scholarship.

Frans Hals was one of the great artists of the 17th century, which, with such contemporaries as Rubens, Rembrandt, Velasquez, Poussin and Caravaggio, means that he stands with the best of any age. Yet his reputation has not always stood so high: indeed, for nearly 200 years after his death he was either ignored or critically disparaged. Reynolds, in his *Discourses*, wished that so manifest a talent had not been betrayed for want of "finish" – by implication as much a moral as a technical failing.

Even today a certain doubt remains, which this show should at last dispel, that there is something essentially suspect and unserious in pyrotechnical facility. He is that rare artist, whose popular reputation rests upon a single image – Leonardo, Munch; who else? The Laughing Cavalier is not in the show, but up the road in the Wallace Collection, and that ironical, challenging image is still a problem to those who cannot see the quality for the skill of that incorrigible hedonist.

A reputation as notorious drunk and lecher can certainly cloud a good name, but the facts suggest Hals was not as bad as all that. Improvident as he was, the respectable burghers of Haarlem seem often to have bailed him out; his work continued and portrait commissions still came in. At his death in 1666, at the decent age of 84, he was buried in the choir of St Bavo's Great Church in Haarlem, in a family grave.

Hals' critical rehabilitation properly began in the 1850s, stimulated principally by the French critic, Théophile Thoré, who wrote under the pseudonym of W. Bürger. Artists immediately took to Hals, with Manet, Courbet, Whistler, Fantin-Latour and Van Gogh conspicuous among those to declare his direct influence in their work. What was it of Hals that spoke to those artists so directly, and that seems still so much at one with a modern sensibility?

We must go back to that word "finish." Hals was nothing if not professional, though there were many times when he found it impossible to deliver the goods on time, if at all. But when the work was done, we find a directness and simplicity of touch, a liveliness of mark and openness to the surface, that are unprecedented. No drawings by Hals are known and the assumption, which the paintings do nothing to contradict, is that he worked *alla prima*, without preparation. There is nothing astonishing in this, at least to artists. Oil paint is the most forgiving of the artist's media, and if the work goes wrong, the wet paint can easily be scraped off for a fresh start. No *pentimenti* to show up in the X-ray does not necessarily mean there were no second thoughts.

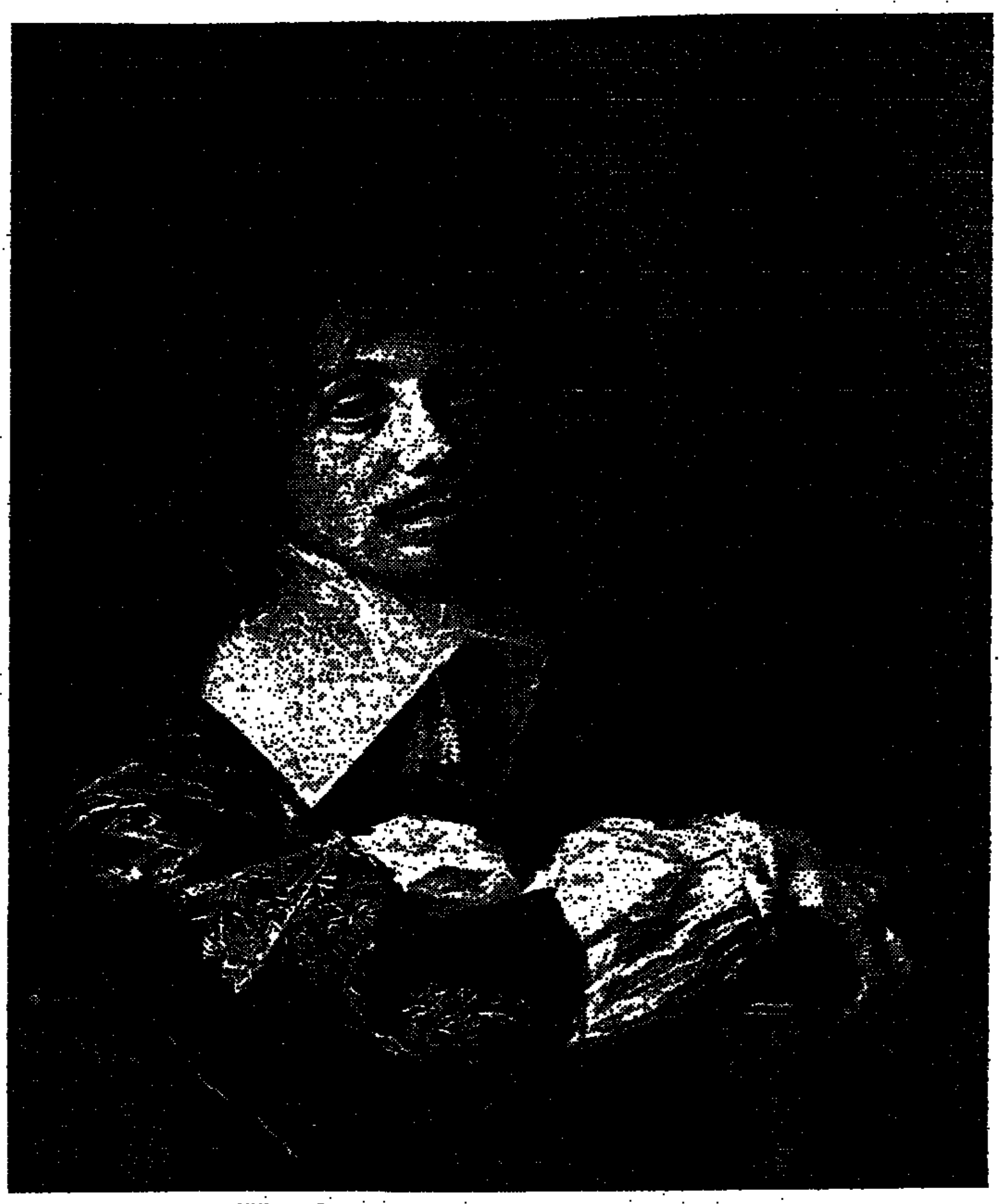
But with Hals the speed and assurance of the statement are nevertheless impressive, and to artists of the age of impressionism self-consciously committing themselves to work directly before nature, Hals' example came as both encouragement and validation. Yet with Hals the gift is almost thrown away in a gesture of good-humoured self-deprecation of the labour and knowledge by which the work was achieved – an art that paradoxically conceals itself in its own bravura and self-display. It is not the least of the Hals' charms.

And Hals the master technician is only the half of it. His career fell at a particular moment of cultural change, that led to the almost complete secularisation of art in northern Europe. With this shift in preoccupation came an ever-growing interest in humanism, naturalism and the mundane, with the Dutch school pre-eminent. Hals was by no means the first great portrait painter in the humanist tradition, but he was the first to be so direct and natural in his treatment of his subject; in this he was the first of the moderns.

Whatever the finery in which his subject presents himself, he is set in his own natural space, breathing his own air, at ease with himself. Often the head alone is realised in a clear focus, with the more perfunctory statement of the rest in perfect accord with a natural peripheral vision. The means may surprise us, but the effect is true.

Naturalness is all; and nothing makes the point more clearly than Hals' frequent collaboration with other artists, or their additions where he left off. The delightfully informal "Family Portrait in a Landscape," circa 1620, its two parts hung once more together, is an anthology of wonderfully sympathetic and animated studies of the human face. The latest addition to that family, superimposed by Saloman de Bray in the bottom corner, is delightful in itself, but serves only to emphasis Hals's masterful ease and freedom. "The Fruit and Vegetable Seller," of 1630, is a large and magnificent still life by Claes van Heussen, but it is much more than that, for the lively figure of the young proprietor, reaching across her stall and turning coquettishly to confront us, her customers, is by Hals, who thus makes the work entirely his own.

The show begins with "The Meagre Company," the officers of the Crossbow Civic Guard of Amsterdam (with Pieter Codde: 1633) and ends with the three great group portraits of the Regents of St Elizabeth's Hospital (1641) and the Regent's and Regentesses of the Old Men's Almshouses (both of 1664). To see these great works alone is an unique opportunity that should not be missed.



Frans Hals' portrait of Willem Coenraetsz Coymans, 1645

FT Arts Lecture

THE FINANCIAL Times Arts Lecture this year will be given by Sir Peter Hall, on opera. It will take place on Monday, February 5, 1990 from 7-9 pm at the Barbican Centre.

As in previous years, the FT invites readers to attend and the first 100 to apply will be sent complimentary tickets. Requests should be sent to Public Relations 'A', The Financial Times, Number One Southwark Bridge, London SE1 9HL, together with a self-addressed envelope.

Radio

Up the Amazon with Elgar

MICHAEL GREEN, Controller of Radio 4, met his public by way of the *Call Nick Ross* show on Tuesday. He must know by now how little I care for phone-ins, and I have to say that this had the usual faults. "Is Radio 4 too middle-aged, middle-class?" Nick (this is a Christian-name programme) asked, and then came an array of questions from, well, not middle-aged, but mostly middle-class listeners making the usual trivial complaints.

Many presenters were too old. The news was "heavy and political," the interviewers rude. Religion was too firmly Anglican. Not enough children's programmes, said 9-year-old phoner-in. I liked the sound of Rita Knight, certainly not middle-class, who reckoned that there were too many executives and too few trade union reps on the discussion programs. Mr Green, who seems to me imaginative and broad-minded, was endlessly courteous, but of course there is no time for a proper discussion in programs of this kind.

Elgar on Radio 4 suggests music at a ceremonial occasion; *Gerontius* on Radio 4 suggests the wrong column in the Radio Times. But *Gerontius* was not an oratorio on Wednesday, but a romantic play, adapted from the novel by James Hamilton-Paterson that won last year's Whitbread First Novel Award.

It blends truth with invention. It is fact that in 1923 Elgar took passage in the HMS *Hildebrand* across the Atlantic and 1000 miles up the Amazon to Manaos, a city of decaying glories with energetic cultural activities. The social activities of the event are fiction, however.

Elgar keeps a diary, so we may know how he gets on with the airman Fortescue (Nigel Lambert), the painter Molly Air (Rosalind Ayres), the German culture-hostess Lena (Rosalie Crutchley), but we still have a lot to learn, for the play is in two parts, the second next week. Worth waiting for, to hear Michael Hordern as the disillusioned composer ("a life thrown away on music nobody wants") spreading himself in fresh direction

Everyone has an off-day, and Chekhov's *Four Dreadful Tales*, on Radio 3 on Saturday, Sunday, Monday and Wednesday were dreadful tales indeed, not *uzhasni* so much as *naschasni* (if I've got that right). A nursemaid throttles a baby that keeps her awake with its crying. A bootmaker has a customer with diabolic hoofs. Spektrov, a Civil Servant (they all have ghosty names in this one) finds unexplained coffins *in his* room. Klimov suffers delirium and fatally infects his girl. At least it's always a pleasure to hear Alec McCowen, and he gave us any subtlety there was.

On Sunday Radio 3 had a feature, *à propos des bottes* as the French say, called *Making the Jews Happy*. Mostly from state papers, Matthew Reisz told how in Revolutionary and Napoleonic France, the French worked at the assimilation of the Jews into the nation, teaching them equality, respect for French law, patriotism. Abroad, the liberation of the ghetto in Venice was a triumph, the intended liberation of Israel was a farce.

Perhaps I am wrong to think that the feature had no current interest, for Radio 4 the previous day began a series about Jewish writers (and on Monday television reached *Progressive Judaism* in its *A to Z of Belief*). No progressive Judaism from Arnold Wesker, who said that his early plays were autobiographical rather than consciously Jewish. His was a very Jewish household, though, both parents immigrants, also (less relevantly) Communist.

His East End was the scene of much anti-Jewish demonstration when he was young; but it is surely going too far to suggest that "anti-Semitism is in the bloodstream of humankind." Perhaps it is an inevitable belief if you trace your roots back as far as Abraham, who invented God as we know Him and put Him in charge of his chosen people. Wesker read a long speech from his play *Shylock*, formerly *The Merchant*, about this. Next we are to meet Bernice Rubens, Elaine Feinstein, Dan Jaobson and Clive Sinclair.

B.A. Young

ARTS

Don Pasquale treated to a time switch

Max Loppert reviews Opera North's new production

THE NEW Opera North production of Donizetti's last, freshest and finest comic opera is a skilful piece of work briskly directed by Patrick Mason and cleverly designed by Joe Vanek. It essays a style of staging that made my heart sink as soon as the curtain went up and stay at boot-level for almost all of Thursday's performance.

That is to say, it is an updating taking place in modern-day Rome (lashings of sunglasses worn on top of heads and coats on shoulders, lots of florid hand-gestures and coffee-drinking) which reduces the range of the opera to that of an episode in a television sitcom. The jokes are reposed in the designs, in the repetition of devices, in the huge fun to be had from such things as wheelchairs and Polaroid cameras; one can see the gags coming a mile off, and almost hear the canned audience laughter (though in fairness the Leeds Grand Theatre audience produced much real, spontaneous laughter of its own).

This is not the first time *Don Pasquale* has been treated to a time-switch: the idea itself does no harm. What is entirely missing from its employment here is any sense of the comedy actually issuing from the *music* – from words (Phyllis Mead's English translation is used) and musical phrases as shaped and combined by the throats and tongues of technically sophisticated Donizettian stage artists.

The experience feels like a theatrical imposition: the music fits in with the revised scenario and (since none of the four Opera North principals is less than basically competent) comes across with acceptable accuracy, but its special gifts of grace, wit and charm tend to disappear beyond recall.

Andrew Shore in the title role is an astute performer, deft of movement and mercurial of facial expression, let down by vocal quality – the tone spreads, the line bumps. (There's not much encouragement from the conductor, David Lloyd-Jones, in the direction of vocal elegance; much of the first act, in particular, was simply bashed out.)

Robert Hayward offers a rather uncomfortably dark-sounding, heavy Malatesta – "Bella siccome un angelo" badly needs to lighten up. Juliet Booth, the company's immensely promising young soprano, contrives a more plausible first approach to the opera: she doesn't force Norina's fast flourishes, and perhaps more brilliance and gaiety will be discovered later. Adrian Martin (Ernesto) sings sweetly when not strained at the top.

This was one of those evenings, not enjoyable to experience, during which your reviewer sat lockjawed in gloom while around him all was mirth. On its own terms this *Don Pasquale* can be counted a success; it's just a pity – and, given the usually adventurous nature of this company's offerings, surprising – that those terms should be so hand-me-down, so "pat."

Andrew Shore, Robert Hayward and Juliet Booth

Family life à la Strindberg

THE SMELL of carbolic and fir-twigs lingers in the dark Nordic apartments, a reminder of the recent funeral. The mistress of the house prowls restlessly, trapped in rented accommodation which she is unable to change even though (from the disapproving servant) "the master took his last breath on that sofa." Through the sound of wind and rain she thinks she hears someone moving outside, apart from her son with his perpetual cough. "Do you think I'm afraid of ghosts?" she asks the maid defensively.

No, not Ibsen – even though the son of the house, like Oswald Alving, dies babbling of warmth and summer in this work too – but that other player of Scandinavian Happy Families, Strindberg. The Gate Theatre Club, above the Prince Albert pub in Notting Hill, maintains its reputation for resurrecting lesser-known European masterpieces with a an aptly grim production of *The Pelican*.

The bird who in Christian iconography wounds her breast to feed her young provides an ironic title. In this late work of claustrophobic intimacy, written for the chamber theatre company Strindberg himself established, the Mother has kept her children underfed and cold, has punished them as liars when they told the truth. Gerda, now married, is breastless and infertile; Fredrik is warped by sexual initiation with a trollop at the age of five. Their dead father is also present: not just in the rocking-chair which moves by itself, albeit jerkily, but through the posthumously discovered letter that accuses his wife of murdering him – "by driving him into desperation, which is not punishable by law."

If this makes *Cold Comfort Farm* sound like Pontins, it keeps a firm grip on our attention. The new translation is by Gregory Motton, a young writer whose track record includes compulsive journeys into the nocturnal landscapes of urban paranoia (*Ambulance*, *Downfall*), well able to suspend our disbelief in purgatorial darkling plains where alien siblings clash by night. A rather defiant programme note disclaims opportunism and trendiness in favour of a faithful interpretation of Strindberg's own style; and it works.

The play reaches a false climax with a mother/son confrontation when she seems to snap out of the moral sleepwalking that is described as this family's besetting sin and embraces the boy in apparent reconciliation. But her delusions remain. Her sole reaction to daughter Gerda's revelation that she was forced to steal food as a child is outrage and shock. The Mother is one of the pathologically self-righteous for whom everything is someone else's fault, incapable of acknowledging responsibility for anything.

The main weakness in the co-production by Mark Brickman and Janine Wunsche – perhaps in the play – is making Madeline Blakeney capable of Strindberg's catalogue of evils (which include fancying her son-in-law). Otherwise Helena Brown's sets (wallpaper complete with faded patch behind a painting, dado, porcelain-tiled stove) frame a convincing slice of Strindberg's domestic jungle, with an especially promising performance from Ian Jeffs as the embittered son.

Martin Hoyle

The powerful dramas of Beckett live on

Claire Armitstead on a double bill at the Riverside

THE FIRST post-Beckett Beckett comes as a stirring affirmation of the continuing power of the man, although this exquisitely precise double-bill actually began life in October, before the death of its author. In an industry where timing is all, it comes as no surprise that the production has been put together by the Leicester Haymarket, which – without any imputation of opportunism – seems to have its finger on the pulse more firmly than almost any other theatre at the moment.

First to go in this transfer to Hammersmith's Riverside Studios is *Krapp's Last Tape*, written in 1958 and performed memorably at Riverside by Max Wall a couple of years back. David Warrilow, Beckett's own nomination for the part, performs a version revised by the author for its Polish director (and noted Beckett translator) Antoni Libera. Jocelyn Herbert once again takes charge of the design in partnership with Catherine Armstrong.

Warrilow is a far more austere actor than Wall, who does not slip on Krapp's discarded banana skin but fastidiously studies it as if fascinated and repulsed by something the cat brought in. He displays the same tetchy and contradictory emotion towards the voice of his younger self, one minute berating the reel-to-reel with a Steptoe-esque petulance, and rewinding it with such force that it berates him back with the high-pitched gabble of a Disney duck on speed; the next minute cradling the machine and its memories in his arms with a tenderness I have not seen in this play before. Seldom can Beckett's points about history and recollection have been scored with more humour or economy.

The abiding image of both *Krapp* and its companion piece, *Catastrophe*, is the pink, polished top of Warrilow's head. In the later, shorter, play it is used to devastating effect as an emblem of the bowed heads of a humiliated people. Written in 1982 for the Avignon Festival and dedicated to Vaclav Havel, this seering 15-minute piece features a Protagonist who stands silent and bent on a plinth while a fur-coated director and his pert little assistant strip him down and pose him for some great symbolic frieze of oppression.

As the lights are lowered for the second time on the sculpturally buckled form, its bald head gleaming and vulnerable, Beckett works one of those *coups de théâtre* that say everything without saying anything at all. Silently, and quivering with exertion as if weighed down by a great load, the Protagonist raises his face to the audience. The sense of release that sweeps through the theatre is almost audible. One can only imagine its impact when Libera produced it in Warsaw back in 1986, with a dedication to the jailed Polish dissident, Adam Michnik.

Alastair Muir

David Warrilow: Beckett's own choice for *Krapp's Last Tape*

McCartney at Wembley

THE EASIEST way to judge the impact of a concert is not to watch the audience – they are usually hopelessly uncritical fanatics – but the attendants and bouncers manning the barricades. For the first of Paul McCartney's ten nights at Wembley Arena they were having a whale of a time, singing their hearts out to "I saw her standing there," and moving a comatose pelvis to "Get Back." They gave their insiders' thumbs up – Paulie's show was just about the most professional seen at the place in years.

With a support crew of 50 manipulating a computerised $2m worth of sound system, electronic circuitry, hydraulics, and split screen projection, it was hard not to drop the jaw. Never have laser beams flashed so piercingly; seldom has the sound been so cut-glass precise; rarely have artists floated high in the air and across the stage on projecting podiums so smoothly as the star and his wife sailed across Wembley in this musical limousine. And all this to back up the most uncool performer in the history of pop.

Paul McCartney still gives the impression of a meek chartered accountant forced to act out the part of a Beatle. His communication with his fans is little more than a succession of funny Goonish voices and leaden platitudes delivered in an experimentally nervous manner. By the end you wanted to hug him for his lack of sophistication.

This lack of stage craft matters not a jot. When he takes to the grand piano at the end and belts out his classics – "Let it be;" "Hey Jude", "Yesterday" – a string of songs that have become the woof and warp of pop music, his status as the most respected, and richest, icon in the business is totally secure. His voice, too, seems to be holding up well on this global tour, and he is not afraid to plug the competition – a funky version of "Ain't that a shame" threatened to expose the lack of bite in the McCartney-Lennon songbook which made the Beatles a lesser rock band than, say, the Stones.

Of course the songs of the last 20 years, of the post Beatles era, seem like a long drawn out diminuendo, although a fiery "Live and let die," embellished with flashes and bangs, and an attractively spare "We got married," from the latest album "Flowers in the Dirt," lingered in the mind.

Paul now seems at peace with the Beatles and was generous with his memories – an affecting "Eleanor Rigby," with the vast screen showing images of lost souls; an almost punkish "Back in the USSR;" an anthem like "Long and winding road." As the show approached its third hour and the man began to relax in the confidence of a fine band (well done Robbie McIntosh on old fashioned rock guitar) and an adoring audience, the spectacle became one of the great evenings of pop, an evening built on money and planning, lacking spontaneity and danger, but still a happy and generous union between a musical genius and the generations he has enriched.

Antony Thorncroft

Records

La Juive renews its appeal

ONE OF the most famous of grand operas, Halévy's *La Juive*, was born at the Paris Opéra in 1835, spent 60 years in the repertory and returned in the 1930s. At the Met in New York a galaxy of singers including Ponselle, Rethberg, Caruso and Martinelli ensured that the work was firmly enough established to earn a chapter in Ernest Newman's *Opera Nights*.

How deep *La Juive* had lodged in the opera public consciousness was shown after the war at the Monnaie in Brussels. The management held a plebiscite for the faithful (gallery rather than stalls, one imagines) to choose which repertory classic they most wanted revived in the 1949-1950 season. *La Juive* won and was duly given.

With the renewed interest in grand opera a complete recording of *La Juive* was bound to come. The Philips set, long promised, was delayed by the illness of the tenor José Carreras, who sings the leading role of the Jewish goldsmith Eléazar. Now it is here and very good too, cast as well as could be in a time when heroic French or Francophone voices are thin on the ground, conducted with notably good judgement by Antonio de Almeida. The Philharmonia Orchestra and the keen-as-mustard Ambrosian Opera Chorus are in fine form (3 CDs, 420 190-2, also LP and cassette).

One might have feared that the formidable, complex role of Eléazar, torn between possessive love for his adopted daughter Rachel and thirst for revenge on the Christians, would unduly stretch a tenor more often associated with lyric than dramatic roles. Not so: Carreras's timbre, a few signs of unsteadiness apart, is as appealing as ever. He has dignity and sincerity. Ideally one wants a stronger impression of fanaticism, of otherness, of isolation in an alien setting, but this is surely an interpretation that will mature further.

Julia Varady gives a lovely performance as Rachel, the girl brought up as his daughter by Eléazar and revealed at the moment of her death on the scaffold as the lost child of the Cardinal Brogni (the plot, full of Scribean twists and turns skilfully manipulated, is too complicated for quick summary). Varady's warm, vibrant voice contrasts well with the brighter tones of June Anderson's Princess Eudoxia. Anderson has a tendency to swallow words but she does justice to the rarely-heard, rather melancholy Bolero.

As Eudoxia's husband Leopold, disguised as a Jewish artisan to win Rachel's favours, Dalmacio Gonzales sings with dissembler's fervour. Neither Hispanic tenor manages the unaccented French "e" – "je" becomes "J'ai." As the Cardinal, the bass Ferruccio Furlanetto's fluent but inexpressive French lacks the cutting edge for the hurling of anathema in the act 3 finale.

And after all these years, what about the opera so greatly admired by Berlioz and Wagner? The five acts of *La Juive* are long. In his introduction, Hugh Macdonald suggests that "a complete performance of all [the] music . . . probably never took place on one evening." The cuts in this version have apparently been made mainly in the public, crowd scenes. In view of the absence of the elaborate spectacle which was so essential an ingredient, this is understandable though the light-footed choral writing is one of the score's attractions. The choice may have tipped the balance from the spectacular element to the intimate scenes of character and confrontation.

Something that comes over strongly is the lack of vulgarity of the kind rightly or wrongly associated with Halévy's contemporary Meyerbeer. This isn't entirely an advantage. In the less compelling scenes there is a certain lack of flavour. Meyerbeer, like it or not, leaves a taste in the mouth. Halévy does not. He has on the other hand an emotional restraint hardly to be found in his rival. Rachel's often moving music is full of it.

Of the new issues of two operas by Halévy's son-in-law Bizet, EMI's *Les Pêcheurs de Perles* is much the better. As for *Carmen* (3 CDs, 422 366-2, also LP and cassette) Philips, having won a mountain of gratitude for *La Juive* may perhaps be forgiven for a prestige cast chosen without regard for suitability. Jessye Norman performs feats of control in fining down her magnificent voice for Carmen's music – the Seguidilla is held as it were on a thread of spun sugar. She has no difficulty in matching the speed of the act two quintet. Nothing that Norman does is unmusical but she misses the spontaneity, the casual, throwaway quality. Her spoken dialogue is laborious.

That Mirella Freni at this stage of her career can sing Micaela is remarkable. This will not disguise the fact that the voice spreads in the aria and that nowhere does the singer suggest the shy young orphan. As for the Escamillo of Simon Estes, what on earth is this bass-baritone doing in high French baritone country?

Neil Schicoff sings José with a care and concentration which suits the desperate corporal dragged out of his emotional depth pretty well. One wishes he could loosen his tone more often. Alone of the big leads, Schicoff manages the dialogue creditably. Seiji Ozawa and the Orchestre National de France and Radio France choruses go for easy, relaxed playing and singing rather than super-brilliant finish. The special delight this score can release comes rarely. Perhaps we have been spoiled for *Carmen* on record.

The *Pêcheurs de Perles* (2 CDs, 749837 2, also LP and cassette) is extremely enjoyable without, I think, quite replacing its twelve-year old predecessor with Cotrubas, Vanzo and Sarabia. The Leïla of Barbara Hendricks is absolutely delicious, with butterfly-wing bloom on the voice, but note that however finely she spins out the silken lines, they are absolutely secure. The singing of John Aler as Nadir and Gino Quilico as Zurga gives almost as much pleasure. A complaint one doesn't often have to make is that they sound too young. The libretto is vague, but some time must have elapsed since the two reunited friends had their first and fatal glimpse of Leïla – these two sound like adventurous schoolboys. Jean-Philippe Courtis is strong in the often weakly cast role of Nourabad. Delight is completed by clear recording with beautifully delicate balance between the singers, orchestra and chorus (both from the Capitole, Toulouse) under Michel Plasson, whose recordings get better and better.

Ronald Crichton

SPORT

Noah in bewitching form

***John Barrett** on the rehabilitation of a talented French tennis player*

YOU ARE not going to believe this but, according to legend, the athletic 29-year-old *Frenchman*, Yannick Noah, whose whole career was threatened at the end of 1988 with severe tendonitis in both his knees, cured the problem by visiting a witch doctor in the Cameroons on a home visit there last spring. All that really matters, of course, is that Noah himself believes it – and he does.

Yannick also believes that the wisest decision he has made in his life was to adopt as his coach the former American Davis Cup captain, Dennis Ralston, to replace Patrice Hagelauer who had worked with him since Yannick was a junior. Ralston, a former US No.1, had helped Chris Evert for so many years and has always been regarded as a fine tactician ever since he led Stan Smith, Tom Gorman and Eric Van Dillen to that memorable Davis Cup victory over the Romanians in Bucharest in 1972, the year after the challenge round had been abolished.

Noah's association with Ralston began in Montreal, two weeks before the US Open last September, when Yannick, after many false starts, decided he would give the game one last chance.

"I was looking for someone who would not be too close to me like Patrice was. I did not need a friend, I needed an experienced coach with a good track record who would kick my butt," he said in Sydney on Thursday, after beating the world's No.1 Ivan Lendl 6-1 6-4 in the quarter-finals of the Holden New South Wales Open.

Obviously Ralston has been kicking hard. Noah looks fit, lean and eager; more importantly, he really seems to be enjoying his tennis again.

His performance against Lendl was as impressive a display of power serving as I have seen in many a day. After saving a break point in the opening game of the match, Noah delivered three blistering aces to hold his serve. Altogether he smote 10 deliveries that Lendl did not even touch – plus many more that were too fast to return.

There was an admirable intensity about the whole performance which suggests to me that we have not yet seen the best of this talented athlete.

This is a considered statement which recognises the greatness of Noah's extraordinary performance in 1983 when, in the French Open final, he served and volleyed superbly on the slow red clay to beat the holder, Mats Wilander. On that emotional day Yannick became the first Frenchman to win in Paris since Marcel Bernard in 1947.

Since then Noah has been through a whole gamut of maturing experiences. Some were painful – such as his divorce. Some were shattering – like the realisation that he could no longer face life in France as a celebrity who was hounded for autographs wherever he appeared.

New York offered blessed anonymity and for a while life was bearable, even though a venture as restaurateur was not the success he had hoped.

During this period there were several half-hearted attempts to rebuild a tennis career that was continually interrupted by niggling injuries – some of them psychosomatically induced.

Only when Yannick admitted to himself that he was running away from life, could he face it. That moment came last summer. Noah's agent and long-time friend, Donald Dell, convinced Yannick that he would never be able to live with himself if he did not seriously attempt to fulfil his untapped potential. Donald suggested Ralston as coach and, happily, Noah agreed to give him a try.

At the Australian Open, the first of the year's Grand Slam Championships which begins at Flinders Park in Melbourne on Monday, we shall all learn just how far Noah has travelled down rehabilitation road. Seeded 12, he is drawn in the same section as America's Tim Mayotte (6) who himself faces an awkward first round match against the Californian youngster Pete Sampras, the man who eliminated him in Sydney this week. Lady luck plays some cruel tricks!

Ahead for Noah lies John McEnroe (4) who has been sharpening his claws this week in the Rio Challenge. This round-robin exhibition tournament in Adelaide has included three more of next week's seeds. Stefan Edberg (3) has looked very sharp and is in the lower half of next week's draw with Boris Becker (2). Thomas Muster (15), happily recovered from motoring injuries sustained last spring in Florida, is seeded to meet Lendl in the fourth round.

It was Muster who almost wore him down last year in the semi-finals. The young American Jim Courier (14) will find Edberg in his path. Another in Adelaide was Henri Leconte who is unseeded next week. This gifted Frenchman is always dangerous and is floating dangerously in McEnroe's quarter, a fact the American will not have missed.

The loss of Becker to his West German Davis Cup team-mate Carl-Uwe Steeb here in Sydney last Thursday was not altogether unexpected. Becker has had little time to recharge the batteries after his emotionally draining experience just before Christmas in Stuttgart where, almost single-handed he led West Germany to the successful defence of the Davis Cup against the Swedes.

The really tough test for Boris in Melbourne may come in the fourth round against Miloslav Mecir(16). This gifted Czech has exactly the game to derail the powerful German machine – provided that Milo himself has recovered full fitness after a back injury.

If this review has ignored the women it is not because the anticipated battle between Steffi Graf(1) and Gabriela Sabatini(2) lacks importance. It is simply because five key members of the top ten are absent – the present No. 2, Martina Navratilova, the two lively Spaniards Arantxa Sanchez and Conchita Martinez, ranked 5 and 7 respectively, the remarkable young Yugoslav, Monica Seles (6) and Manuela Maleeva (8).

With only Zina Garrison (seeded 3) and Helena Sukova (4) as serious challengers it is impossible to look beyond a Graf v Sabatini final. Furthermore, it seems that only a miracle will prevent Graf from setting off on the first leg of another Grand Slam. Well, I suppose there is still just time for Gabby to visit Yannick's witch doctor.

At full stretch: Yannick Noah hopes to return to the top of his form

Watford. Nice club, nice people

***Philip Coggan** thinks there's hope for football if the good guys can start winning*

THE LAST remnants of Watford's glory years have virtually disappeared. The club, which during the 1980s finished second in the First Division and reached the FA Cup final, has dropped down to the second tier. Manager Graham Taylor has departed for richer pastures at Aston Villa. And chairman Elton John, whose money and flair for publicity helped pull the team out of the lower depths of the League, is in the process of selling his shares.

But despite the changes in personnel, there is a spirit at the club that is preventing it from the fate that beset other small sides, such as Carlisle, which plunged into obscurity once they were relegated from the First Division. Watford remains a nice place to watch a game of football.

The Home Counties club was one of the first to introduce family enclosures and it retains a cosy, suburban feel. The stewards smile as they hand out the programmes (complimentary if you have bought a seat) and if she can forgive the odd swearword, you could cheerfully bring your Mum to a game.

Before Saturday's Cup tie with Wigan, the crowd was even treated to a display by the *RAF Police* dog team. It might not have been to everyone's taste, but it was an acknowledgement that crowds are there to be entertained rather than endured.

A few weeks ago, the programme ominously stated that a group of youths had been ejected for bad behaviour the previous week. They duly turned up for the following game and were easy to identify. But the group, which was carefully watched by police, seemed only to highlight the tranquil atmosphere at Vicarage Road. Their behaviour – chanting, pointing, jumping out of seats – was the kind which is taken for granted at other grounds.

For a long time in the late 1970s and early 1980s, the polite Watford crowd was rewarded with success. Backed by the money of Elton John, young manager Graeme Taylor guided the team steadily from the Fourth Division to the First. It was a trick that had been achieved before – by Northampton in the 1960s – and would be repeated by Wimbledon.

Watford's success was built on the long ball game with big centre forwards such as Ross Jenkins and Luther Blissett using their height to disrupt opposing defences.

It was uncomplicated, but it was effective and it has been copied since. And as the side matured, it was able to introduce younger, more stylish players of whom John Barnes is the most obvious example.

But it is difficult for a side with relatively small crowds – gates currently hover round the 10,000 mark – to sustain a long spell in the First Division. The bigger the gate receipts, the higher the wages that clubs can afford, and the easier it is to keep star players.

Barnes was sold to Liverpool and after Graham Taylor left for Villa, his successor, ex-Wimbledon boss Dave Bassett, had a brief, unhappy period in office. Shortly after he departed, the club was relegated.

Signs in the first season after relegation, under new manager Steve Harrison, were relatively encouraging – the club made the promotion play-offs. But after a win against Middlesborough on September 30 this season, the club seemed to drop into an ominous decline. Eleven matches passed without a victory and relegation began to look a possibility.

The vitality of the club has been shown in the subsequent turnround. In December, Steve Harrison was named the Second Division's manager of the month after the club scored 15 goals in a run of four wins, a draw and no defeats.

One of those victories was a 7-2 victory over Bradford, which saw Watford 5-0 ahead by half time. As Steve Harrison said: "The first half performance was one of the best I've ever seen and the end product of that performance was delightful to watch."

The rebound seems to have been sparked by the purchase of Gary Penrice, a striker from Bristol Rovers. Penrice looks rather like Barry McGuigan and exhibits the same kind of workrate as the Clones Cyclone on the field. He is the terrier type of forward, harassing the defence and seizing on whatever scraps of possession are available. He proved to be the kind of purchase that managers dream about, scoring on his first six appearances and on seven of his first eight.

Watford's leading scorer is still Paul Wilkinson, a much-travelled lanky forward who often seems better in the air than with his feet. Playing behind them is Glyn Hodges, a Dave Bassett import from Wimbledon, who has considerable flair but perhaps a touch of arrogance.

Last Saturday, following a bout of shirt pulling by an opponent, he took off his top and offered it to the other player. The gesture would have been funnier had not the opposition been taking a corner at the time.

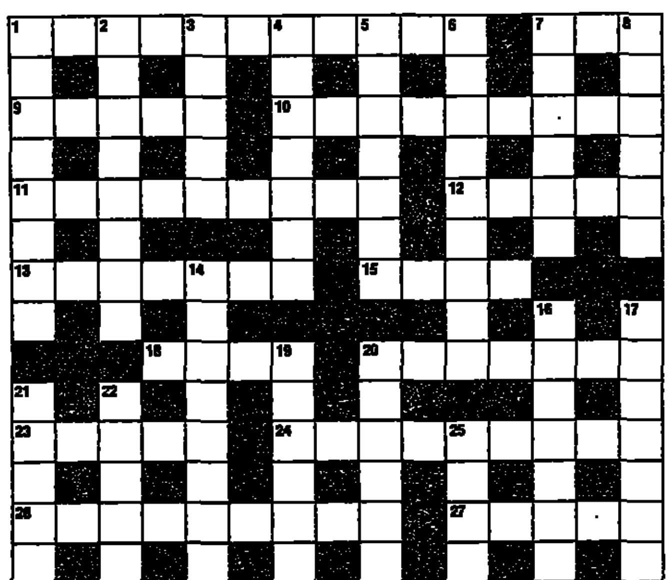
The real class of the team is provided by Glenn Roeder, the ex-Newcastle veteran who plays just in front of the back three. He retains the ability to create time and space, rather in the fashion of Bobby Moore, without ever seeming to hurry. Last Saturday, he scored, to his and most *of the crowd's surprise, what the BBC* decided was the goal of the day – a thunderbolt from outside the area.

Together with some promising youngsters, manager Harrison thus has the nucleus of a team that can win promotion – not this season but perhaps next. And they will probably succeed with a good disciplinary record, both on and off the pitch. It is enough to give you hope for the future of football.

CROSSWORD

No. 7,137 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday January 24, marked Crossword 7,137 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 27.



ACROSS

1 Went for good – sacked and caught off balance (5-6)
7 Nick sent to Coventry (3)
9 Poor river backing up in city (5)
10 Charge might follow this military mission (4,5)
11 Put down Saratoga as an example of it? (5,4)
12 Dark place of retirement in France (5)
13 Roller champion to emerge? (7)
15 Book works (4)
18 No hard-liners retire in confusion (4)
20 Wind that drying-machine (7)
23 Like the anchor ready for a voyage? (5)
24 Upset, anyone can feel such irritation (9)
26 Earliest parental flicker? (9)
27 Left Jason's ship in slow movement (5)
28 This lettuce firms when cut (3)
29 *Means to measure changes* of temperature? Manage with a vacuum flask (11)

DOWN

1 Tariff to include 22? (4-4)
2 Bowling fatigue? (8)
3 More sunny, always, in Greek environment (5)
4 Way-out route lined with silver – what an insult! (7)
5 Is it laid down according to Mosaic Law? (7)
6 Something wrong in Bucks, perhaps? A nonpayer! (9)
7 Girl to look back in medley-race (6)
8 Lavish year – packed, would you say? (6)
14 "Guide to Self" (George) (9)
16 Story-line in which arsenic is administered with love (8)
17 Nuisance opening shaft (8)
19 Argue from the West Riding point of view (7)
20 Private room cuts man out (7)
21 French exasperation with Olympic finalists (6)
22 Wine vaults (6)
25 Cries for the old records (5)

Solution to Puzzle No.7,136

S	E	V	E	N	T	Y	■	D	O	W	A	G	E	R
C	■	E	■	Y	■	O	■	R	■	H	■	I	■	I
A	P	R	I	L	■	R	E	E	D	O	R	G	A	N
N	■	S	■	O	■	K	■	S	■	L	■	O	■	G
D	I	A	G	N	O	S	E	S	■	E	X	T	O	L
A	■	T	■	■	■	H	■	■	■	S	■	■	■	E
L	A	I	T	Y	■	I	N	T	R	O	V	E	R	T
■	■	L	■	A	■	R	■	E	■	M	■	R	■	■
S	P	E	A	R	H	E	A	D	■	E	X	A	C	T
U	■	■	■	D	■	■	■	I	■	■	■	D	■	R
C	H	A	O	S	■	S	N	O	W	W	H	I	T	E
C	■	P	■	T	■	P	■	U	■	A	■	C	■	L
U	N	A	N	I	M	O	U	S	■	G	R	A	I	L
M	■	C	■	C	■	O	■	L	■	O	■	T	■	I
B	R	E	A	K	I	N	■	Y	A	N	K	E	E	S

Solution and winners of Puzzle No.7,126

T	H	I	R	T	Y	■	Y	E	A	R	S	W	A	R
R	■	N	■	H	■	■	■	T	■	H	■	H	■	E
O	X	F	O	R	D	■	M	O	V	E	M	E	N	T
U	■	I	■	O	■	S	■	N	■	T	■	R	■	E
S	A	N	D	W	I	C	H	■	B	O	A	R	D	S
E	■	I	■	N	■	A	■	M	■	R	■	Y	■	T
R	A	T	E	■	E	N	C	O	M	I	A	■	■	■
S	■	Y	■	T	■	D	■	N	■	C	■	D	■	E
■	■	■	H	I	D	A	L	G	O	■	M	I	N	X
A	■	P	■	C	■	L	■	E	■	N	■	M	■	E
S	T	R	I	K	E	■	B	R	E	A	K	I	N	G
S	■	E	■	L	■	C	■	S	■	P	■	N	■	E
I	N	F	L	I	G	H	T	■	M	O	V	I	E	S
G	■	E	■	S	■	A	■	■	■	L	■	S	■	I
N	O	R	T	H	E	R	N	■	L	I	G	H	T	S

Mr T. Blightman, Wheatley, Oxfordshire; Mr D. Brogden, Northampton; Dr T.W. Gardner, Grange-over-sands, Cumbria; Mr T.S. Moore, London NW5; Mr M. O'Connell, St Ives, Cambridgeshire.

TELEVISION & RADIO

SATURDAY

†indicates programme in black and white

BBC1

7:30 am Saturday Starts Here! 7:55 Laurel and Hardy cartoon. 8:00 Mersey Tales. 8:05 The New Adventures of Mighty Mouse. 8:20 Chucklevision. 8:35 Thundercats. 9:00 Going Live! 12:12 pm Weather.

12:15 Grandstand including 12:20 Skiing (Men's Downhill Championship from Garmisch); 12:40 Boxing from Dewsbury Sports Centre, Leeds; 12:50 News; 1:00 Racing from Ascot; 1:10 Boxing; 1:35 Racing from Ascot; 1:40 Ice Hockey (Fife Flyers v Cardiff); 2:05 *Racing from Ascot; 2:20 Racing from Leo*pardstown: Ladbroke (H'cap) Hurdle; 2:40 Ice Hockey; 2:55 Rugby League (The Regal Trophy Final); 3:40 Football; 3:50 Rugby League; 4:40 Final Score.

5:05 News. 5:15 Regional News; Sport. 5:20 The Flying Doctors. 6:05 Jim'll Fix It. 6:40 Bob's Full House. 7:15 The Paul Daniels Magic Show. 8:00 Waterfront Beat. 8:50 News and Sport. 9:10 Midnight Caller. 10:00 Dave Allen. 10:30 Film: "The Beast Master" starring Marc Singer, Tanya Roberts and Rip Torn. 12:20 am Carly Simon Coming Around Again. 1:20-1:25 Weather.

BBC2

9:00 Open University. 10:55 Film: "The Legend of Walks Far Woman" starring Raquel Welch. 12:55 pm Animation Now. 1:10 In the Post. 1:35 Training Dogs the Woodhouse Way. 2:00 Shrikant (Part 2) (in Hindi with English subtitles). 2:40 Film: "Waterloo" starring Rod Steiger as Napoleon. 4:45 World Darts (The final of the Embassy World Professional Championship from Frimley Green). †6:30 Murder in A Flat (An RKO short). 6:45 Newsview.

7:30 Rhythms of the World. 8:50 Making Out. 9:40 The Film Club: Kim Newman introduces two films by Mario Bava, each featuring a dual role for the female lead. †9:43 "The Mask of Satan" starring Barbara Steele and John Richardson, and at 11:05 "Lisa and the Devil" starring Elke Sommer and Telly Savalas. 12:40-1:45 am World Darts (highlights of the final of the Embassy World Professional Championship).

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: Motormouth 2. 11:30 The ITV Chart Show. 12:30 pm The Munsters Today. 1:00 ITN News followed by National Weather. 1:05 Local News and Weather. 1:10 Saint & Greavsie. 1:40 Sportsmasters. 2:10 Coronation Street. 3:05 Snooker: Mercantile Credit Classic. 4:45 Results Service.

5:00 ITN News followed by National Weather. 5:10 Local News and Weather. 5:15 Baywatch. 6:10 Blind Date. 7:00 The James Bond Film: "For Your Eyes Only" starring Roger Moore. 9:25 Yellowthread Street, followed by National Weather. 10:25 ITN News and Sport followed by National Weather. 10:40 Local Weather. 10:45 Snooker: Mercantile Credit Classic followed by ITN News *Headlines. 12:30 am Starring Gary Cooper:* "The Hanging Tree" starring Gary Cooper and Maria Schell.

CHANNEL 4

6:00 am Durrell in Russia. 6:30 Just 4 Fun. 7:00 Once Upon A Time...Life. 7:30 International Times – World News. 8:00 Transworld Sport. 9:00 Channel 4 Racing: The Morning Line. 9:25 Sing and Swing. 9:30 Listening Eye. 10:00 To the End of the Rhine. †10:30 "Days of Thrills and Laughter (Classic comedy compilation). †12:20 pm Pete Smith Specialties. *12:30 Dance with Me. 1:00 On a Wing* and a Prayer. 12:00 "San Ferry Ann" with Wilfred Brambell, Ron Moody, Joan Sims, Barbara Windsor, Rodney Bewes and Warren Mitchell. 3:00 The Great Caruso starring Mario Lanza.

5:05 Brookside Omnibus. 6:00 Right to Reply. 6:30 A Book of Law, A Book of Life. 7:00 The World this Week. 7:15 Europe Express. 8:00 Conquer the Arctic for the Gore-Tex Trophy. 9:00 Soviet Spring: Testimony. 11:55 Soviet Spring: Murder in Ostankino Precinct. 12:55 Soviet Spring: Gorbachev's Assylums. 1:40 Pastoral. 1:50 Rosette Arrosee. 2:05 am Close.

S4C WALES

As Channel 4 except:
10:30 am Art of the Western World. 11:00 Australian Beautiful Gardens. 11:30 That's Entertaining. 12:00 Feature Film: "Richard III" starring Laurence Olivier, Ralph Richardson, Claire Bloom and Stanley Baker. 12:55 pm Feature Film: "Hell's Angels" starring Jean Harlow, Ben Lyon and James Hall. 6:30 The Wonder Years. 7:00 Gophers. 7:30 Newyddion. 7:40 Noson I'W Chofio. 8:45 Y Mass Chwarae. 9:35 4 Play: Valentine Falls. 10:50 Remembering Marilyn.

Ben Kingsley stars as Shostakovich in *Testimony*, Tony *Palmer's epic film. Tonight, C4, 9pm*

IBA Regions as London except at the following times:

ANGLIA

12:30 pm A.L.F. 12:30 am The Late Picture Show: "Operation Runaway".

BORDER

12:30 pm Ski Tips. 12:30 am Film: "Android" starring Klaus Kinski and Don Opper.

CENTRAL

12:30 pm The Double Deckers. 12:30 am Prisoner: Cell Block H.

CHANNEL

12:30 pm Ski Tips. 1:05 Diary Dates. 12:30 am "Hitchhike".

GRAMPIAN

12:30 pm Ski Tips. 5:10 Criomagan. (Gaelic news for the Highlands and Islands). 12:30 am Feature Film: "Android" starring Klaus Kinski, Brie Howard, Don Opper and Kendra Kirchner.

GRANADA

12:30 pm The Munsters Today. 12:30 am "Android" starring Klaus Kinski, *Brie Howard* and Don Opper.

HTV

12:30 pm The Munsters Today. 12:30 am Crime Story.

SCOTTISH

12:30 pm Riding the Waves, Catching the Wind. 9:25 Yellowthread Street. 12:30 am Film: "Android" starring Klaus Kinski.

TSW

12:30 pm The South West Week. 5:05 Newsport. 5:10 Gus Honeybun's Magic Birthdays. 12:30 am Film: "Android" starring Klaus Kinski and Brie Howard.

TVS

12:30 pm Ski Tips. 12:30 am "Hitchhike" starring Cloris Leachman and Michael Brandon.

TYNE TEES

12:30 pm The Partridge Family. 5:05 Northern Life Saturday Special. 12:30 am ITN News Headlines. 12:32 "Android" starring Klaus Kinski.

ULSTER

12:30 pm The Munsters Today. 12:30 am "Android" starring Klaus Kinski and Brie Howard.

YORKSHIRE

12:30 pm Batman. 12:30 am ITN News Headlines followed by "The Curse of the Crimson Altar" starring Boris Karloff, Christopher Lee, Barbara Steele and Mark Eden.

RADIO

(S) Stereo on FM

RADIO 2

8:05 am David Jacobs. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:30 Pull the Other One! 2:00 Robin Ray on Record. 3:30 Katie Boyle. 5:00 Cantabile at the Donmar. 6:00 Cinema 2 with Charles Nove. 6:30 Roy's Recipes with Roy Jeffries. 7:00 Beat the Record with Keith Fordyce. 7:30 Saturday Night Gala. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls presented by Dave Gelly. 1:00 Ellis Hill presents 'Nightride'. 3:00-4:00 A Little Night Music.

Medium Wave as above except:
1:30-6:00 pm. Sport on 2, including Football, Rugby League and Racing from Ascot.

RADIO 3

7:00 am Morning Concert. 8:30 News. 8:35 Schubert: Bracha Eden and Alexander Tamir (piano duet). 9:30 Saturday Review. 10:40 Call the Controller. Phone-in to Radio 3 Controller John Drummond: 01-580 4411 (from 9:30 am). 11:20 Record Release.

1:00 News. 1:05 Words with Roy Porter. 1:10 Emerson String Quartet. Mozart (Quartet in B flat K 589), Ives (Quartet No 2) (2:00 Interval Reading). 2:05 Dvorak (Quartet in A flat Op 105) 2:45 From the Proms 1989: City of Birmingham Symphony Orchestra cond by Simon Rattle: Britten (Sinfonia da Requiem). 3:05 *Interval reading. 3:10 Mahler (Symphony* No 7). 4:30 Debut: Barbican Piano Trio. Haydn (Trio in E flat H XV 10), Bridge (Phantasie Trio). 5:00 Jazz Record Requests with Peter Clayton. 5:45 Critics' Forum.

6:35 Schumann and Nielsen: Allan Schiller (piano): Nielsen (3 pieces Op 59), Schumann (Fantasy in C Op 17). 7:15 "Leonore", East German Radio recording of the original 1805 version of Beethoven's opera which became 'Fidelio', with Helga Wagner (sop) as Leonora and Reiner Goldbert (ten) as Florestan. (8:35-8:45 Interval talk relating 'Leonore' to the French genre of 'rescue opera'. 10:00 F X Richter: his six string quartets played by the Salomon Quartet. No 5 in G and No 2 in B flat. 10:40 The Grand Union Orchestra play 'Freedom Calls' composed by their founder, Tony Haynes. 12:00-12:05 am News.

RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4. 9:30 Breakaway. 10:00 News; Loose Ends (s) with Clive Anderson and guests. 11:00 News; the Week in Westminster. 11:30 From our Own Correspondent. 12:00 Money Box. 12:25 pm I'm Sorry I Haven't a Clue. 12:55 Weather. 1:00 News. 1:10 Any Questions? 2:00 News; Any Answers.

2:30 The Spur(s). Play by Juliet Ace. 3:45 Tales of a Man called Father. 4:00 Classes Apart. 4:30 Science Now. 5:00 My Heroes. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather.

6:00 News; Sports Round-up. 6:25 Citizens (s), omnibus edition. 7:10 Stop the Week (s). 7:45 Saturday-Night Theatre (s). 9:15 Music in Mind (s). 9:50 Ten to Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature (s). 10:45 Face to Face with...(s). 11:00 Richard Baker Compares Notes (s) with viola players Rivka Golani and Frederick Riddle. 11:30 Funny That Way (s) Barry Cryer profiles Joyce Grenfell. 12:00-12:30 am News.

SUNDAY

†indicates programme in black and white

BBC1

8:50 am Favourite Walks. 9:15 Articles of Faith. 9:30 This is the Day. 10:00 O'Donnell Investigates...Booze. 10:25 Buongiorno Italia!. 10:50 Europeans. 11:20 Spelling It Out. 11:30 Step Up to Word Power. 11:55 Snap. 12:05 pm See Hear!. 12:30 Country File. 1:00 News; On The Record. 2:00 EastEnders.

3:00 Film: "The Man From Snowy River", starring Kirk Douglas. 4:40 The Flintstones. 5:05 The Clothes Show. 5:30 Antiques Roadshow. 6:15 Lifeline. 6:25 News. 6:40 Songs Of Praise. 7:15 You Rang, M'Lord?. 8:05 Bergerac. 9:00 Mastermind.

9:30 That's Life. 10:15 News. 10:30 Everyman:"Herman's Best". 11:10 Dear John: USA. 11:35 Clean Slate. 12:05 Shrikant (Part 2); (Hindi with English subtitles). 12:45-12:50 am Weather.

BBC2

7:30 am Children's BBC Two, starting with Playdays. 7:50 Jimbo and the Jet Set. 7:55 Teddy Bears' Picnic. 8:20 am Hallo Spencer. 8:45 Smoggies. 9:15 Corners. 9:30 Thundercats 9:55 Blue Peter Omnibus. 10:45 Not the End of the World. 10:45 Not the End of the World. 11:10 Boxpops. 11:50 The O Zone. 12:00 Westminster Week. 1:00 pm Animation Now. 1:05 Training Dogs the Woodhouse Way.

1:30 40 Minutes. 2:10 Reportage Update. 3:00 Film: "Senso", starring Alida Valli and *Farley Granger. 5:00 Rugby Special. 5:50 Ski* Sunday. 6:35 The Money Programme. 7:15 The Natural World. 8:05 Film: Architects' Choice 8:35 Ravel (Canadian Documentary).

10:15 Film: "Old Flame", starring Stephen Fry, Simon Callow, Miriam Margolyes and Clive Francis. 11:40 Rapido. 12:10-12:45 am Snub TV.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: The Disney Club. 10:45 Link. *11:00 Morning Worship.* 12:00 Encounter. 12:30 pm My Little Pony. 12:40 Police 5. 12:55 Local News and Weather. 1:00 ITN News, followed by National Weather. 1:10 Eyewitness. 2:00 McCloud. 3:25 The Match: Sheffield Wednesday v Chelsea. 5:30 Bullseye. 6:00 Rescue 6:30 ITN News, *followed* by National Weather. 6:35 Local News and Weather. 6:40 Highway. 7:15 Wish Me Luck.

8:15 The Two of Us. 8:45 ITN news followed by National Weather. 9:00 Local Weather. 9:05 Agatha Christie's Poirot. 10:05 The New *Statesman. 11:15 The Carpenters:* Yesterday Once More. 12:15 am The ITV Chart Show followed by ITN news headlines.

CHANNEL 4

6:00 am Hallelujah! 6:30 Country Ways. 7:00 Australian Beautiful Gardens. 7:30 Box Office Weekly. 8:00 The Bluffers. 8:30 Boy Dominic. 9:00 Dennis. 9:25 Orientations. 10:00 A Week in Politics. 11:00 Pob's Programme. 11:30 The Henderson Kids. 12:00 The Waltons. 1:00 pm *Land of the Giants.* 2:00 Opera On 4: "The Flying Dutchman" (Der Fliegende Hollander), starring Hildegard Behrens, Matti Salminen and Franz Grundheber. †4:30 "The Pilgrim", starring Charles Chaplin. 5:20 The Frog, the Dog and the Devil. 5:25 News Summary and weather.

5:30 Adventurous Eves. 6:30 The Wonder Years. 7:00 Fragile Earth: After Their Blood. 8:00 Tales of Faith and Foxes. 8:45 American Football with coverage of two play-off games. 11:30 am "The Mysteries of Edgar Wallace"

S4C WALES

As Channel 4 except:
9:00 am The Inventive Boy. 9:15 Haloc 1:00 pm Bwrw Mlaen. 1:25 Fideo. 2:05 Opera: "Cosi Fan Tutte" starring Christine Boles, Marie Angel and Neill Archer 18:15 Movie Museum 6:40 San Steffan. 7:00 O Bedwar Ban. 7:15 Y Dyn Papur Newydd. 7:25 Newyddion. 7:30 Eirlan. 8:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmol 9:00 Mwy Na Phapur Newydd. 9:45 Tystion. 9:50 American Football.

IBA Regions as London except at the following times:

ANGLIA

12:30 pm *Farming Diary.* 2:00 Highway to Heaven. 2:55 Wheel of Fortune. 11:15 Prisoner: Cell Block H. 12:10 am The Late Picture Show: "Slap Shot", (Paul Newman stars).

BORDER

12:30 pm Cover Story. 2:00 Coronation Street 2:55 Rescue. 5:00 Scotsport. 11:15 Prisoner Cell Block H followed by ITN news headlines. 12:15 am Quiz Night.

CENTRAL

12:30 pm Here and Now. 2:00 Highway to Heaven. 2:55 The Spectacular World of Guinness Records. 11:20 Prisoner Cell Block H. 12:15 am The Continental Movie: "Borsalino".

CHANNEL

12:30 pm Reflections. 12:35 Les Français Chez-Vous. 2:00 Highway to Heaven 2:55 Bullseye. 5:35 Rescue (the award winners). 6:00 The Storyteller. 11:15 The Human Factor. 11:45 One to One. 12:15 The Invisible Man

GRAMPIAN

10:45 am Robostory. 11:15 Jerusalem of Heaven and Earth. 11:45 Link. 12:30 pm Jack Thompson Down Under. 2:00 Feature Film: "High Tide at Noon", stars Betta St John, Michael Craig, Patrick McGoohan, William Sylvester and Flora Robson. 4:00 Country Matters. 4:30 Bullseye. 5:00 Scotsport. 11:15 Prisoner Cell Block H. 12:15am Quiz Night.

GRANADA

12:30 pm Granada This Week. 2:00 Richmond Hill. 2:55 Bullseye. 5:00 Scotsport. 5:35 Coronation Street. 11:15 Prisoner Cell Block H. 12:25 am Quiz Night.

HTV

12:30 pm *West Country Farming followed by* weather for farmers. 2:00 The Spectacular World of Guinness Records. 2:30 Highway to Heaven. 11:15 Prisoner: Cell Block H. 12:15 am Derrick.

HTV Wales as HTV except:
2:00 Calvert in Camera. 3:00-3:25 Heart of the Country.

SCOTTISH

10:45 am Glen Michael's Cartoon Cavalcade. 11:15 Link. 11:30 Sin Aged El. 12:30 pm God's Reps. 2:00 Scottish Supplement. 2:30 Highway to Heaven. 3:30 Scottish Players' Indoor Bowling Championship. 4:30 Bullseye. 5:00 Scotsport. 11:10 The Sunday Flick: "Callan".

TSW

12:30 pm Farming News. 2:00 Off the Hook. 2:15 Survival. 2:45 Cartoontime followed by Gus Honeybun's Magic Birthdays. 2:55 Bullseye. 5:35 The TSW Documentary. 11.15 Ellis Island. 12:15 am Quiz Night.

TVS

12:30 pm TVS News. 12:33 Agenda. 2:00 Highway to Heaven. 2:55 Bullseye. 5:35 Rescue. 11:15 The Human Factor. 11:45 One to One. 12:15 am The Invisible Man.

TYNE TEES

12:30 pm Jack Thompson Down Under. 2:00 am "Cactus Jack", starring Kirk Douglas. 5:35 Coronation Street. 11:15 Soccer Special. 11:45 To Poland with Love. 12:15 am ITN News Headlines. 12:17 Quiz Night.

ULSTER

12:30 pm Ski Tips. 2:00 The Hospice Movement. 2:25 Rescue. 2:55 Bullseye. 11:15 Prisoner: Cell Block H.

YORKSHIRE

12:25pm Goals on Sunday. 11:15 Scrumdown. 12:15am The Bill.

RADIO

(S) Stereo on FM

RADIO 2

7:30 am Roger Royle says 'Good Morning Sunday'. 9:05 Melodies for You with Richard Baker. 11:00 Desmond Carrington with Your Radio 2 All-Time Greats. 2:00 pm Benny Green. 3:00 Alan Dell with "Sounds Easy". 4:00 Black Magic presented by Ken Bruce. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 Gorham and Swift. 7:30 Dennis O'Neill (selection of songs sung by the Welsh tenor). 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes with Alan Keith. 10:05 Songs from the Shows. 10:45 Angela Brownridge at the piano. 11:00 Sounds of Jazz with Peter Clayton. 1:00 am Ellis Hill presents 'Nightride'. 3:00-4:00 A Little Night Music.

RADIO 3

7:00 am Journeys and Places. 7:30 News. 7:35 Heifetz and Friends. Dvorak (Piano Trio in F minor), Arthur Benjamin (Romantic Fantasy for violin, viola and orchestra). 8:30 News. 8:35 Your Concert Choice. 10:30 Music Weekly. 11:15 BBC Philharmonic, with Pascal Devoyon (piano): Dvorak (Scherzo capriccioso), Ravel (Concerto for piano left hand), Sibelius (Symphony No 7). 12:15 pm Schubert, Piano Trio in E flat (D929) played by Frankl, Pauk and Kirshbaum.

1:15 Recital by Emma Kirkby (soprano) and Antony Rooley (lut) *including music by* Sermisy, Byrd and Giacomo Carissimi. 2:00 Rubinstein on Record including Anton Rubinstein, Chopin, Albeniz and Brahms' Second Piano Concerto. 3:30 Moscow String Quartet: Tchaikovskyy (Quartet No 3), Schnittke (Canon in memoriam Stravinsky). 4:20 Hohenems Schubertiade 1989: Recital of Schubert songs by Robert Holl (bass) with Konrad Richter (piano). 6:15 Berio in the Labyrinth. The composer and the poet Edoardo Sanguineti talk about their long artistic collaboration in Graham Fawcett's documentary feature.

7:15 Beriudio. A prelude to this evening's concert at the Barbican, with music by Boccherini, Mahler and Purcell. 7:30 Berio at the Barbican: Electric Phoenix and the BBC Symphony Orchestra cond by Berio, with carlo Chiarappa (violin) and Rohan de Saram (cello): Quattro versione originali della 'Ritirata di Madrid' di Luigi Boccherini; Ritorno degli snovidenia for cello and orchestra; Corale for violin solo, two horns and strings (8:20 Jeremy Beadle considers the use of fragments in music and the arts with reference to the third movement of Berio's 'Sinfonia') 8:40 Sinfonia for eight amplified voices and orchestra.

9:30 F.X. Richter: quartets Nos 1 and 3 played by the Salomon String Quartet. 10:05 Third Ear. 10:30 Choral Evensong. 11:30 Csaba Erdelyi (viola): Bach (Chaconne), Hindemith (Sonata Op 25 No 1). 12:00-12:05 am News.

RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. Oliver Walston visits an estate in southern Germany. 7:40 Sunday. 8:50 Appeal by Roy Lancaster on behalf of the Tradescant Trust. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service (s). 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather.

1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 Classic Serial: 'Jim Davis' (s). 3:30 The Trade Rag (s). 4:00 News. Gerontius. The story of Elgar's 1920 journey across the Atlantic and up the Amazon to Manaos as fictionalized in James Hamilton-Paterson's novel 'Gerontius'. 4:47 Fragile Paradise

5:00 News; Down Your Way. 5:40 Letters from the Sticks. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs listeners' comments on BBC programmes and policy. 6:30 Root of the Matter. 7:00 Cat's Whiskers. (s) 7:30 Bookshelf. 8:00 The Sittaford Mystery (s) dramatisation of Agatha Christie's novel. 8:30 Saying the Word (s) Profile of Fr George Saintsbury. 9:00 News; Enquire Within. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Pillars of Society. 11:00 Dear One. 11:30 Seeds of Faith (s). 12:00-12:30 am News.